

Act on Investment Trusts and Investment Corporations

(Act No. 198 of June 4, 1951)

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Part I General Provisions

(Purpose)

Article 1 The purpose of this Act is, inter alia, by establishing a system whereby persons other than investors collect investors' funds and invest them mainly in securities, etc. by using investment trusts or investment corporations, and

distribute the results thereof to the investors, and by ensuring investment trusts' and investment corporations' appropriate investment of funds, as well as taking measures to protect the purchaser, etc. of the securities issued under the system, in order to facilitate investors' investments in securities, etc., thereby contributing to the sound development of the national economy.

(Definitions)

- Article 2 (1) The term "Investment Trust Managed under Instructions from the Settlor" as used in this Act shall mean a trust established for the purpose of investing trust property mainly in Securities, real property, and other assets specified by a Cabinet Order as those for which it is necessary to facilitate the investment (hereinafter collectively referred to as "Specified Assets") based on the settlor's instructions (where the authority for giving instructions is entrusted to a person as specified by a Cabinet Order in whole or in part, instructions given by a person as specified by a Cabinet Order shall be included) under this Act and for the purpose of dividing the beneficial interest and having more than one person acquire it.
- (2) The term an "Investment Trust Managed Without Instructions from the Settlor" as used in this Act shall mean a trust established mainly for the purpose of jointly investing the monies received by a trustee under a trust contract concluded with one or more settlor(s) based on a single set of basic terms and conditions in a trust contract (where the authority pertaining to an investment is entrusted to a person as specified by a Cabinet Order in whole or in part, the investment by a person as specified by a Cabinet Order shall be included) into Specified Assets without instructions from the settlor and which is created under this Act.
- (3) The term "Investment Trust" as used in this Act shall mean an Investment Trust Managed under Instructions from the Settlor or an Investment Trust Managed Without Instructions from the Settlor.
- (4) The term "Securities Investment Trust" as used in this Act shall mean an Investment Trust Managed under Instructions from the Settlor created for the purpose of investing mainly in Securities (excluding the rights listed in the items of Article 2, paragraph (2) of the Financial Instruments and Exchange Act (Act No. 25 of 1948) which are deemed to be Securities under said Article 2, paragraph (2); the same shall apply in Article 7 and Article 48) (including Transactions of Securities-Related Derivatives as provided in Article 28, paragraph (8), item (vi) of that Act and as specified by a Cabinet Order; the same shall apply in Article 7 and Article 48) and which is specified by a Cabinet Order.
- (5) The term "Securities" as used in this Act shall mean Securities as prescribed in Article 2, paragraph (1) of the Financial Instruments and Exchange Act or

- rights deemed to be Securities under paragraph (2) of that Article.
- (6) The term "Derivative Transactions" as used in this Act shall mean Derivative Transactions as prescribed in Article 2, paragraph (20) of the Financial Instruments and Exchange Act.
- (7) The term "Beneficiary Certificates" as used in this Act shall mean securities that represent a beneficial interest under the trust contract pertaining to an investment trust, which are issued under the provisions of this Act by a settlor in the case of an Investment Trust Managed under Instructions from the Settlor or by a trustee in the case of an Investment Trust Managed Without Instructions from the Settlor, or securities pertaining to a Foreign Investment Trust similar thereto.
- (8) The term "Public Offering" as used in this Act shall mean solicitation of applications to acquire newly issued Beneficiary Certificates (including that specified by a Cabinet Office Ordinance as being similar to such solicitation; the same shall apply hereinafter) from many and unspecified persons, as specified by a Cabinet Order (excluding Private Placement with Qualified Institutional Investors, etc.)
- (9) The term "Private Placement with Qualified Institutional Investors" as used in this Act shall mean solicitation of applications to acquire newly issued Beneficiary Certificates which falls under the following items:
- (i) Where such solicitation is made only to Qualified Institutional Investors (meaning Qualified Institutional Investors as prescribed in Article 2, paragraph (3), item (i) of the Financial Instruments and Exchange Act) as specified by a Cabinet Order; or
 - (ii) Where such solicitation is made only to Professional Investors (meaning Professional Investors as prescribed in Article 2, paragraph (31) of the Financial Instruments and Exchange Act, including those persons deemed to be Professional Investors under the provisions of Article 34-3, paragraph (4) of that Act (including the cases where it is applied mutatis mutandis pursuant to Article 34-4, paragraph (4) of that Act) or Article 34-3, paragraph (6) of that Act (including the cases where it is applied mutatis mutandis pursuant to Article 34-4, paragraph (4) of that Act) who are specified by a Cabinet Office Ordinance, and excluding those deemed to be customers other than Professional Investors under Article 34-2, paragraph (5) or paragraph (8) of that Act who are specified by a Cabinet Office Ordinance) as specified by a Cabinet Order.
- (10) The term "Private Placement with General Investors" as used in this Act shall mean solicitation of applications to acquire newly issued Beneficiary Certificates which falls under neither the category of a Public Offering nor of Private Placement with Qualified Institutional Investors.
- (11) The term "Settlor Company of an Investment Trust" as used in this Act shall

mean a Financial Instruments Business Operator (meaning an Financial Instruments Business Operator as prescribed in Article 2, paragraph (9) of the Financial Instruments and Exchange Act (except that in cases where a Financial Instruments Business Operator conducts Investment Management Business as provided in Article 28, paragraph (4) of that Act, this shall exclude Trust Companies); hereinafter the same shall apply except in Article 208, paragraph (2), item (ii)) who is the settlor of an Investment Trust Managed under Instructions from the Settlor.

- (12) The term "Investment Corporation" as used in this Act shall mean an association established under this Act for the purpose of investing assets mainly in Specified Assets.
- (13) The term "Registered Investment Corporation" as used in this Act shall mean an Investment Corporation registered under Article 187.
- (14) The term "Investment Equity" as used in this Act shall mean the membership status of members of an Investment Corporation which has been divided into equal units.
- (15) The term "Investment Securities" as used in this Act shall mean securities that represent Investment Equity.
- (16) The term "Investor" as used in this Act shall mean a member of an Investment Corporation.
- (17) The term "Investment Corporation Bonds" as used in this Act shall mean monetary claims to which an Investment Corporation becomes the obligor in an allotment it makes under the provisions of this Act that are redeemed according to the matters provided in the items of Article 139-3, paragraph (1).
- (18) The term "Investment Corporation Bond Certificates" as used in this Act shall mean securities that represent Investment Corporation Bonds.
- (19) The term "Asset Management Company" as used in this Act shall mean a Financial Instruments Business Operator who conducts business pertaining to asset investment under entrustment from a Registered Investment Corporation.
- (20) The term "Asset Custody Company" as used in this Act shall mean a juridical person who conducts business pertaining to the custody of assets under entrustment from a Registered Investment Corporation.
- (21) The term "Administrative Agent" as used in this Act shall mean a person who conducts business affairs related to business other than asset investment and the custody of assets under entrustment from an Investment Corporation.
- (22) The term "Foreign Investment Trust" as used in this Act shall mean a trust established in a foreign state under the laws and regulations thereof which is similar to an Investment Trust.
- (23) The term "Foreign Investment Corporation" as used in this Act shall mean an association that is a juridical person or that lacks the legal capacity to hold rights, which has been established in compliance with the laws and regulations

of a foreign state, and which issues Investment Securities or securities similar to Investment Corporation Bond Certificates.

Part II Investment Trust System

Chapter I Investment Trusts Managed under Instructions from the Settlor

(Settlor and Trustee of an Investment Trust Managed under Instructions from the Settlor)

Article 3 No contract for an Investment Trust Managed under Instructions from the Settlor (hereinafter referred to as an "Investment Trust Contract" in this Chapter) shall be concluded unless one Financial Instruments Business Operator (in the case of an Investment Trust Contract listed in the following items, the Financial Instruments Business Operator set forth in those respective items) and one Trust Company, etc. (meaning a trust company or a Financial Institution Engaged in Trust Business (meaning a Financial Institution authorized under Article 1, paragraph (1) of the Act on Concurrent Operation of Trust Business by a Financial Institution (Act No. 43 of 1943); the same shall apply hereinafter); hereinafter the same shall apply except in the following Chapter, Article 223-3, paragraph (4) and Article 249) are to be the settlor and trustee, respectively:

- (i) An Investment Trust Contract where Real Property (meaning buildings or building lots as prescribed in Article 2, item (i) of the Building Lots and Buildings Transaction Business Act (Act No. 176 of 1952); the same shall apply in the following item, Article 66, paragraph (3), item (i), sub-items (a) and (b), Article 199, items (i) and (ii), and Article 224-2) is one of the assets subject to investment: The Financial Instruments Business Operator who has obtained a license set forth in Article 3, paragraph (1) of that Act;
- (ii) An Investment Trust Contract concluded for the purpose of investing trust property of an Investment Trust Managed under Instructions from the Settlor (hereinafter such trust property shall be referred to as "Investment Trust Property" in this Chapter) mainly in Real Property: The Financial Instruments Business Operator who has obtained authorization under Article 50-2, paragraph (1) of the Building Lots and Buildings Transaction Business Act; and
- (iii) In addition to what is listed in the preceding two items, an Investment Trust Contract as specified by a Cabinet Order: A Financial Instrument Business Operator as specified by a Cabinet Order.

(Conclusion of an Investment Trust Contract)

Article 4 (1) When a Financial Instruments Business Operator intends to conclude an Investment Trust Contract, it shall notify the Prime Minister of

the contents of the basic terms and conditions of the Investment Trust Managed under Instructions from the Settlor pertaining to said Investment Trust Contract (hereinafter referred to as the "Basic Terms and Conditions of the Investment Trust" in this Chapter) in advance.

- (2) The Basic Terms and Conditions of the Investment Trust shall contain the following matters:
- (i) The trade name or name of the settlor and trustee;
 - (ii) Matters concerning the beneficiary;
 - (iii) Matters concerning the business of the settlor and trustee;
 - (iv) Matters concerning the amount of trust principal;
 - (v) Matters concerning Beneficiary Certificates;
 - (vi) Matters concerning the management and investment of the trust principal and profits (including the type of assets to be invested);
 - (vii) Matters concerning the method, criteria, and record date for assessing Investment Trust Property;
 - (viii) Matters concerning the redemption of trust principal and profit distribution;
 - (ix) Matters concerning the Trust Contract period, extension thereof, and cancellation during the Trust Contract period;
 - (x) Matters concerning the accounting period for the trust;
 - (xi) Matters concerning the method for calculating trust fees and other fees received by the trustee and the settlor, as well as the method and time of payment thereof;
 - (xii) The use of Public Offerings, Private Placement with Qualified Institutional Investors (meaning solicitation of applications to acquire newly issued Beneficiary Certificates which falls under Article 2, paragraph (9), item (i); the same shall apply hereinafter), Private Placement with Professional Investors (meaning solicitation of applications to acquire newly issued Beneficiary Certificates which falls under Article 2, paragraph (9), item (ii); the same shall apply hereinafter), or Private Placement with General Investors;
 - (xiii) In cases where a trustee is borrowing the funds necessary for the creation of a trust, matters concerning the maximum amount of such borrowings;
 - (xiv) In cases where a settlor entrusts another person with the authority to give instructions on the investment, the trade name or name and whereabouts of the person who the settlor entrusts with the authority to give instructions on the investment;
 - (xv) The cost of the entrustment in the case referred to in the preceding item;
 - (xvi) Matters concerning changes to the Basic Terms and Conditions of the Investment Trust;
 - (xvii) Method of public notice to be used by the settlor; and

(xviii) In addition to what is listed in the preceding items, matters specified by a Cabinet Office Ordinance.

(3) Except in the cases specified by a Cabinet Office Ordinance, the accounting period prescribed in item (x) of the preceding paragraph shall be no longer than one year.

(4) The details of the matters listed in the items of paragraph (2) shall be specified by a Cabinet Office Ordinance.

(Delivery of Documents that State the Contents, etc. of the Basic Terms and Conditions of an Investment Trust)

Article 5 (1) A Financial Instruments Business Operator shall deliver documents that state the contents of the Basic Terms and Conditions of the Investment Trust pertaining to an Investment Trust Contract concluded thereby and any other matters specified by a Cabinet Office Ordinance to the person who intends to acquire the Beneficiary Certificates under the Investment Trust Contract; provided, however, that this shall not apply to cases where the matters to be stated in said documents have already been stated in a prospectus as prescribed in Article 2, paragraph (10) of the Financial Instruments and Exchange Act and to other cases specified by a Cabinet Office Ordinance as those in which it is unlikely that the protection of the beneficiary will be compromised.

(2) A Financial Instruments Business Operator may, in lieu of delivering documents as prescribed in the preceding paragraph, provide the matters to be stated in the documents set forth in the preceding paragraph by means of an electronic data processing system or by other means of information and communications technology as specified by a Cabinet Office Ordinance with the consent of the person who intends to acquire the Beneficiary Certificates, pursuant to the provisions of a Cabinet Order. In this case, the Financial Instruments Business Operator shall be deemed to have delivered the documents.

(Beneficiary Certificates)

Article 6 (1) The beneficial interest in an Investment Trust Managed under Instructions from the Settlor shall be divided up equally and such divided beneficial interest shall be indicated on the Beneficiary Certificates.

(2) The transfer or exercise of the divided beneficial interest pertaining to an Investment Trust Managed under Instructions from the Settlor shall be performed with the Beneficiary Certificates, except in cases where indicated on the registered Beneficiary Certificates.

(3) With regard to the redemption of trust principal and distribution of profits, the beneficiaries of an Investment Trust Managed under Instructions from the

Settlor shall be deemed to have rights commensurate with the number of units of beneficial interest that they hold.

(4) Beneficiary Certificates shall be in bearer form; provided, however, that such Beneficiary Certificates shall be converted to registered form at the request of the beneficiary.

(5) Registered Beneficiary Certificates may be changed to bearer certificates at the request of the beneficiary.

(6) The following matters and the serial numbers of the Beneficiary Certificates for an Investment Trust Managed under Instructions from the Settlor shall be stated thereon, and the representative of the settlor shall sign or affix his/her name and seal thereto:

(i) The trade name or name of the settlor and trustee;

(ii) The number of units of beneficial interest;

(iii) The initial amount of trust principal and the total number of units of beneficial interest at the time of the conclusion of the Investment Trust Contract;

(iv) The Trust Contract period;

(v) The time and place for redemption of the trust principal and distribution of profits;

(vi) The method of calculating trust fees and other fees received by the trustee and the settlor, as well as the method and time of the payment thereof;

(vii) The use of Public Offerings, Private Placement with Qualified Institutional Investors, Private Placement with Professional Investors, or Private Placement with General Investors;

(viii) With regard to the Beneficiary Certificates of an Investment Trust Managed under Instructions from the Settlor for which additional amounts may be added to the principal, the maximum amount of the principal to which such additional amounts may be added;

(ix) In cases where a settlor entrusts the authority to give instructions on investment, the trade name or name and the whereabouts of the person who the settlor entrusts with the authority to give instructions on investment;

(x) The cost of the entrustment in the case referred to in the preceding item; and

(xi) In addition to what is listed in the preceding items, matters specified by a Cabinet Order.

(7) The provisions of Chapter VIII of the Trust Act (Act No. 108 of 2006) (excluding Article 185, Article 187, Article 192, Article 195, paragraph (2), Article 200, paragraph (2), Article 202, paragraph (4), Article 206, Article 207, Article 209, Article 210, Article 212, Article 214, and Article 215) shall apply mutatis mutandis to Investment Trusts Managed under Instructions from the Settlor. In this case, the term "Ordinance of the Ministry of Justice" in said

provisions shall be deemed to be replaced with "Cabinet Office Ordinance," the term "trustee" in Article 186, Article 188, Article 189, paragraph (1), paragraph (3), and paragraph (4), Article 190, paragraph (1) through paragraph (3), Article 193, Article 197, paragraph (1) through paragraph (3), Article 198, paragraph (1), Article 201, paragraph (1), Article 202, paragraph (1) through paragraph (3), Article 204, Article 205, and Article 208, paragraph (1) through paragraph (4) and paragraph (6) of that Act shall be deemed to be replaced with "settlor," the phrase "shall give public notice in an official gazette" in Article 189, paragraph (4) and Article 191, paragraph (5) of that Act shall be deemed to be replaced with "shall give public notice," the term "settlor" in Article 190, paragraph (2) of that Act shall be deemed to be replaced with "trustee," the terms "a trustee" and "the trustee" in Article 191, paragraph (1) and paragraph (3) and Article 203, paragraph (1) of that Act shall be deemed to be replaced with "a settlor or trustee" and "the settlor" respectively, the term "the trustee" in Article 191, paragraph (4) of that Act shall be deemed to be replaced with "the settlor or trustee," the phrase "beneficial interest in a trust that issues beneficiary certificates (excluding a beneficial interest under Article 185, paragraph (2))" in Article 194 of that Act shall be deemed to be replaced with "the beneficial interest for which a registered Beneficiary Certificate is issued," the term "trustee" in Article 195, paragraph (1) and Article 200, paragraph (1) of that Act shall be deemed to be replaced with "settlor and trustee," and any other necessary technical replacement of terms shall be specified by a Cabinet Order.

(Prohibition of Trusts for the Purpose of Investing in Securities that Are Other than Securities Investment Trusts)

Article 7 Except for Securities Investment Trusts, no person shall enter into a trust contract for the purpose of investing mainly trust property into Securities, nor shall any person create a trust for that purpose by a method specified in Article 3, item (iii) of the Trust Act; provided, however, that this shall not apply to a trust which is not a trust that issues beneficiary certificates as specified in Article 185, paragraph (3) of that Act and that is not created for the purpose of dividing up its beneficial interest and having two or more persons acquire it.

(Prohibition of Investment Trusts Managed under Instructions from the Settlor that Are Other than Cash Trusts)

Article 8 (1) Investment Trusts Managed under Instructions from the Settlor (excluding those falling under the category of Securities Investment Trusts aimed at mainly investing in assets that can be easily realized and that are specified by a Cabinet Order as those in which it is unlikely that the protection

of the beneficiary will be compromised) shall be cash trusts.

- (2) Notwithstanding the provisions of Article 151 of the Trust Act, the trust property of an Investment Trust Managed under Instructions from the Settlor and the trust property of a trust other than an Investment Trust Managed under Instructions from the Settlor may not be merged together into a new trust.
- (3) The provisions of Section 3 of Chapter VI and of Chapter IX of the Trust Act shall not apply to Trusts for Investment Managed under Instructions from the Settlor.

(Restriction on Investment Instructions)

Article 9 The Settlor Company of an Investment Trust may not instruct the Trust Company, etc. that is the trustee of the Investment Trust Property (hereinafter referred to as the "Trustee Company") to acquire shares issued by a single juridical person through the use of the Investment Trust Property if the number referred to in item (i) below will exceed the number referred to in item (ii) below as a result of that acquisition:

- (i) The total number of voting rights (excluding voting rights pertaining to the shares for which voting rights cannot be exercised as to all the matters regarding which a resolution can be passed at shareholders' meetings, but including voting rights pertaining to the shares which are deemed to have the voting rights pursuant to the provisions of Article 879, paragraph (3) of the Companies Act (Act No. 86 of 2005); hereinafter the same shall apply in the following item, Article 11, paragraph (1), the items of Article 194, and Article 201, paragraph (1)) pertaining to the shares held as Investment Trust Property by all of the Investment Trusts Managed under Instructions from the Settlor in which the Settlor Company is giving instructions on the relevant investment.
- (ii) The number obtained by multiplying the total number of voting rights pertaining to the shares by the rate specified by a Cabinet Office Ordinance.

(Exercise of Voting Rights by Instruction)

Article 10 (1) With regard to voting rights and the rights of shareholder under Article 166, paragraph (1), Article 202, paragraph (2) and Article 469, paragraph (1) of the Companies Act, the right under Article 828, paragraph (1) of that Act to assert the invalidity of the acts listed in Article 828, paragraph (1), item (ii) and item (iii) of that Act, and the rights of shareholder specified by a Cabinet Office Ordinance as those equivalent to foregoing rights (including the rights of an Investor, preferred equity investors under the Act on Preferred Equity Investment by Cooperative Structured Financial Institutions (Act No. 44 of 1993; referred to as the "Act on Preferred Equity Investment" in the

following paragraph), or any other person designated by a Cabinet Order as those similar to foregoing rights) pertaining to securities held as Investment Trust Property, the Settlor Company of an Investment Trust shall give instructions on their exercise.

- (2) Article 310, paragraph (5) of the Companies Act (including the cases where it is applied mutatis mutandis pursuant to Article 94, paragraph (1) of this Act, Article 40, paragraph (2) of the Act on Preferred Equity Investment, or other provisions specified in a Cabinet Order) shall not apply to the exercise of voting rights pertaining to shares (including Investment Equity, preferred equity investment under the Act on Preferred Equity Investment or other rights specified by a Cabinet Order) held as Investment Trust Property.

(Investigation of the Value, etc. of Specified Assets)

Article 11 (1) In cases where the acquisition or transfer of Specified Assets (excluding Securities listed on a Financial Instruments Exchange as provided in Article 2, paragraph (16) of the Financial Instruments and Exchange Act and other assets specified by a Cabinet Office Ordinance (hereinafter referred to as "Designated Assets")) or any other act specified by a Cabinet Office Ordinance has been carried out with regard to the Investment Trust Property regarding which the Settlor Company of an Investment Trust gives instructions on investment, the Settlor Company of said Investment Trust shall have persons other than itself, Interested Persons, etc. (meaning those who hold a majority of the voting rights of all the shareholders of the Settlor Company of an Investment Trust and who have a close relationship with said Settlor Company of an Investment Trust as specified by a Cabinet Order; the same shall apply in Article 13, paragraph (1), item (ii) and item (iii)), and a Trustee Company as specified by a Cabinet Order, investigate the value of the Specified Assets and other matters specified by a Cabinet Office Ordinance.

- (2) In the case referred to in the preceding paragraph, if the assets to be investigated are Real Property (meaning lands, buildings, or rights other than the ownership pertaining thereto), the investigation must be based on an appraisal made by a real property appraiser.

(Entrustment of the Authority to Give Instructions on Investment)

Article 12 (1) A Settlor Company of an Investment Trust shall not, with regard to all of its Investment Trusts Managed under Instructions from the Settlor on which it gives instructions on investment, entrust the whole of its authority to give such instructions to persons specified by a Cabinet Order as prescribed in Article 2, paragraph (1) and other persons.

- (2) With regard to the application of the preceding three Articles in cases where a Settlor Company of an Investment Trust has entrusted the whole or part of its

authority to give instructions in relation to a specific Investment Trust Property regarding which the Settlor Company of an Investment Trust gives instructions on investment, the term "Settlor Company of an Investment Trust" as used in said provisions shall be deemed to be replaced with "Settlor Company of an Investment Trust (including persons who have been entrusted with the authority to give instructions on investment in whole or in part by said Settlor Company of an Investment Trust and who are specified by a Cabinet Order prescribed in Article 2, paragraph (1))."

(Delivery of Documents to Beneficiaries, etc. when a Conflict of Interests is Likely to Occur)

Article 13 (1) In cases where any of the transactions listed in the following items have been made, the Settlor Company of an Investment Trust shall, pursuant to the provisions of a Cabinet Office Ordinance, deliver documents in which the matters related to said transactions are stated to all of the beneficiaries concerned with the Investment Trust Property provided in the relevant item (including those specified by a Cabinet Order); provided, however, that, in cases where solicitation of applications to acquire Beneficiary Certificates of the Investment Trust Property is carried out by Public Offering, said documents shall be delivered to any known beneficiaries (including persons specified by a Cabinet Order) pertaining to the Investment Trust Property set forth in the relevant item:

- (i) Sale and purchase of Specified Assets (limited to real property and other assets specified by a Cabinet Order; hereinafter the same shall apply in this item and the following item) and other transactions specified by a Cabinet Order based on the account of the Settlor Company of an Investment Trust: Investment Trust Property pertaining to an Investment Trust Managed under Instructions from the Settlor where assets similar to said Specified Assets are the subject of investment;
- (ii) Sale and purchase of Specified Assets and other transactions specified by a Cabinet Order which are carried out with the Investment Trust Property for which the Settlor Company of an Investment Trust gives instructions on investment, by the Settlor Company of an Investment Trust or one of its directors or executive officers, or carried out with other Investment Trust Property for which the Settlor Company of an Investment Trust gives instructions on investment (in cases where the Settlor Company of an Investment Trust is an Asset Management Company, an Investment Corporation investing assets shall be included; the same shall apply in the following item), by Interested Persons, etc. and other persons specified by a Cabinet Order: Investment Trust Property for which the Settlor Company of an Investment Trust gives instructions for investment and other Investment

Trust Property pertaining to an Investment Trust Managed under Instructions from the Settlor where assets similar to said Specified Assets are the subject of investment; and

- (iii) In addition to what is listed in the preceding item, the sale and purchase of Specified Assets (excluding Designated Assets and other assets specified by a Cabinet Office Ordinance) and other transactions specified by a Cabinet Order carried out with the Investment Trust Property for which the Settlor Company of an Investment Trust gives instructions on investment, by the Settlor Company of an Investment Trust or its director or executive officer, or carried out with other Investment Trust Property for which the Settlor Company of an Investment Trust gives instructions on investment, by Interested Persons, etc. and any other persons specified by a Cabinet Order: Investment Trust Property for which the Settlor Company of an Investment Trust gives the order for investment.
- (2) The provisions of Article 5, paragraph (2) shall apply mutatis mutandis to the delivery of documents prescribed in the preceding paragraph. In this case, the term "the person who intends to acquire Beneficiary Certificates" in paragraph (2) of that Article shall be deemed to be replaced with "the beneficiary."
- (3) The preceding two paragraphs shall not apply to the following cases:
 - (i) With regard to an Investment Trust Property, where solicitation of applications to acquire Beneficiary Certificates pertaining thereto is carried out through Private Placement with Qualified Institutional Investors and the Basic Terms and Conditions of the Investment Trust provide to the effect that the documents set forth in paragraph (1) shall not be delivered; and
 - (ii) Where the Beneficiary Certificates for Investment Trust Property fall under the Securities issued to Professional Investors as provided in Article 4, paragraph (3) of the Financial Instruments and Exchange Act and the matters which should be stated in the documents prescribed in paragraph (1) are provided or publicized to all the beneficiaries (including those specified by a Cabinet Order) under Article 27-32, paragraph (1) or paragraph (2) of that Act as the issuer's information prescribed in Article 27-32, paragraph (1) of that Act (limited to cases where the Basic Terms and Conditions of the Investment Trust provide to the effect that the provision or publication of said information is to be made in lieu of delivering the documents under paragraph (1)).

(Delivery, etc. of Investment Reports)

Article 14 (1) A Settlor Company of an Investment Trust shall, with regard to the Investment Trust Property for which it gives instructions on investment, prepare investment reports on the last day of each accounting period for said Investment Trust Property (in cases of Investment Trust Property specified by

a Cabinet Office Ordinance, the date specified by a Cabinet Office Ordinance; such date shall be referred to as the "Preparation Date" in item (ii)), and deliver them to any known beneficiaries pertaining to the Investment Trust Property pursuant to the provisions of a Cabinet Office Ordinance; provided, however, that this shall not apply to the following cases:

- (i) Where solicitation of applications to acquire Beneficiary Certificates is carried out through Private Placement with Qualified Institutional Investors and the Basic Terms and Conditions of the Investment Trust provide to the effect that investment reports shall not be delivered;
 - (ii) Where a person living together with the beneficiary is likely to receive investment reports, and the beneficiary consents to not receiving investment reports by the Preparation Date (excluding cases where the beneficiary has requested the delivery of investment reports by the Preparation Date); and
 - (iii) In addition to what is listed in the preceding two items, cases specified by a Cabinet Office Ordinance as those in which it is unlikely that the failure to deliver investment reports will compromise the protection of the beneficiary.
- (2) The provisions of Article 5, paragraph (2) shall apply mutatis mutandis to the delivery of investment reports as prescribed in the preceding paragraph. In this case, the term "the person who intends to acquire Beneficiary Certificates" in paragraph (2) of that Article shall be deemed to be replaced with "any known beneficiaries."
- (3) A Settlor Company of an Investment Trust that has prepared investment reports as provided in paragraph (1) shall notify the Prime Minister of them without delay.
- (4) The provisions of Article 42-7 of the Financial Instruments and Exchange Act shall not apply to the Investment Trust Property for which the Settlor Company of an Investment Trust gives instructions on investment.

(Books and Documents Related to Investment Trust Property)

- Article 15 (1) A Settlor Company of an Investment Trust shall prepare and preserve books and documents related to the Investment Trust Property as provided by a Cabinet Office Ordinance.
- (2) A beneficiary of an Investment Trust Managed under Instructions from the Settlor may make a request to the Settlor Company of an Investment Trust to inspect or copy the books and documents related to the Investment Trust Property pertaining to said beneficiaries during its business hours.

(Notification of the Contents, etc. of Changes to the Basic Terms and Conditions of the Investment Trust)

Article 16 In cases set forth in the following items, a Settlor Company of an Investment Trust shall notify the Prime Minister to that effect and of the

contents of the following, in advance:

- (i) When the Settlor Company of an Investment Trust intends to change the Basic Terms and Conditions of the Investment Trust; and
- (ii) When the Settlor Company of an Investment Trust intends to implement a Consolidation of Investment Trusts Managed under Instructions from the Settlor (meaning to consolidate two or more trust properties of Investment Trusts Managed under Instructions from the Settlor of which the beneficiaries are the same, into a new single trust property of an Investment Trust Managed under Instructions from the Settlor; the same shall apply in Article 17, paragraph (1), item (ii)).

(Changes, etc. to the Basic Terms and Conditions of the Investment Trust)

Article 17 (1) In cases listed in the items of the preceding Article, (in the case listed in item (i) of that Article, limited to cases which fall under those specified by a Cabinet Office Ordinance where the changes are material), a Settlor Company of an Investment Trust shall provide for the following matters and adopt a written resolution:

- (i) The day of the written resolution;
 - (ii) The contents of and reason for changes to the Basic Terms and Conditions of the Investment Trust or the implementation of the Consolidation of Investment Trust Managed under Instructions from the Settlor (hereinafter referred to as "Material Changes to the Basic Terms and Conditions, etc.");
 - (iii) Where arrangements have been made so that a beneficiary may exercise his/her voting rights by Electromagnetic Means (meaning the use of an electronic data processing system and other means of information and communications technology as specified by a Cabinet Office Ordinance; the same shall apply in paragraph (3)), to that effect; and
 - (iv) In addition to what is listed in the preceding three items, matters specified by a Cabinet Office Ordinance.
- (2) In adopting a written resolution, a Settlor Company of an Investment Trust shall send a notice thereof in writing to any known beneficiaries two weeks prior to the day of the resolution.
- (3) A Settlor Company of an Investment Trust shall, in lieu of sending a written notice as prescribed in the preceding paragraph, send such notice by Electromagnetic Means with the consent of the person who is to receive the notice under that paragraph as provided by a Cabinet Order. In this case, the Settlor Company of an Investment Trust shall be deemed to have sent the written notice as provided in the preceding paragraph.
- (4) The matters listed in the items of paragraph (1) shall be stated or recorded in the notice prescribed in the preceding two paragraphs.
- (5) When bearer Beneficiary Certificates have been issued, in adopting a written

resolution, a Settlor Company of an Investment Trust shall give public notice to the effect that it will adopt a written resolution and of the matters listed in the items of paragraph (1) three weeks prior to the day of resolution; provided, however, that this shall not apply to cases where the Settlor Company of an Investment Trust has issued a notice under paragraph (2) to all the beneficiaries.

- (6) Beneficiaries (excluding the relevant Settlor Company of an Investment Trust) shall hold voting rights in accordance with the number of units of beneficial interest they hold in the adoption of written resolutions.
- (7) A Settlor Company of an Investment Trust may provide in the Basic Terms and Conditions of the Investment Trust to the effect that when any known beneficiary does not exercise his/her voting rights, he/she shall be deemed to have agreed to adopt the written application. In this case, the Settlor Company of an Investment Trust that has made such provision shall state or record such provision in the notice set forth in paragraph (2) or paragraph (3).
- (8) Written resolutions shall be adopted by a more than two-thirds majority of the voting rights of at least half of all beneficiaries who may exercise voting rights.
- (9) The provisions of Article 110, Article 111, Article 112, paragraph (2), Article 114, Article 115, paragraph (2), Article 116, paragraph (1) and paragraph (2), Article 117, Article 120, and Article 121 of the Trust Act shall apply mutatis mutandis to cases where the Settlor Company of an Investment Trust adopts a written resolution. In this case, the term "Ordinance of the Ministry of Justice" in said provisions shall be deemed to be replaced with "Cabinet Office Ordinance," the term "paragraph (1) of the preceding Article" in Article 110, paragraph (1) of that Act shall be deemed to be replaced with "Article 17, paragraph (2) of the Act on Investment Trusts and Investment Corporations (hereinafter referred to as the 'Investment Trust Act')," the terms "paragraph (2) of the preceding Article" in Article 110, paragraph (2) and "Article 109, paragraph (2)" in Article 114, paragraph (4) and Article 116, paragraph (2) of the Trust Act shall be deemed to be replaced with "Article 17, paragraph (3) of the Investment Trust Act," the term "paragraph (4) of the preceding Article" in Article 110, paragraph (3) of the Trust Act shall be deemed to be replaced with "Article 17, paragraph (5) of the Investment Trust Act," the terms "Article 108, item (iii)" and "Article 109, paragraph (2)" in Article 111 of the Trust Act shall be deemed to be replaced with "Article 17, paragraph (1), item (iii) of the Investment Trust Act" and "paragraph (3) of that Article" respectively, the term "the preceding paragraph" in Article 112, paragraph (2) of the Trust Act shall be deemed to be replaced with "Article 17, paragraph (6) of the Investment Trust Act" and any other necessary technical replacement of terms shall be specified by a Cabinet Order.

(10) When a Settlor Company of an Investment Trust has made a proposal with regard to Material Changes to the Basic Terms and Conditions, etc., the provisions of the preceding paragraphs shall not apply to cases where all of the beneficiaries have manifested their consent to the proposal in writing or by means of an Electromagnetic Record (meaning a record made in an electronic form, a magnetic form, or any other form not recognizable to human perception and which is used in information processing by computers as specified by a Cabinet Office Ordinance), or cases specified by a Cabinet Office Ordinance as those in which it is unlikely that the protection of beneficiaries will be compromised.

(Dissenting Beneficiaries' Demands for the Purchase of Their Beneficial Interest)

Article 18 (1) In cases where Material Changes to the Basic Terms and Conditions, etc. are to be made, a beneficiary who has dissented to any Material Changes to the Basic Terms and Conditions, etc. being made in the adoption of a written resolution is entitled to demand that the trustee purchase his/her beneficial interest at a fair price, from out of the Investment Trust Property pertaining to the beneficial interest.

(2) The provisions of Article 103, paragraph (6) through paragraph (8), Article 104, paragraph (1) through paragraph (10), Article 262, paragraph (1) and paragraph (3), Article 263, and Article 264 of the Trust Act shall apply mutatis mutandis to the demand prescribed in the preceding paragraph. In this case, the phrase "the notice under paragraph (4) and the public notice prescribed in the preceding paragraph" in Article 103, paragraph (6) of that Act shall be deemed to be replaced with "the written resolution," the phrase "material changes, etc. to the trust" in paragraph (8) of that Article shall be deemed to be replaced with "Material Changes to the Basic Terms and Conditions, etc." and any other necessary technical replacement of terms shall be specified by a Cabinet Order.

(Notification of Cancellation of an Investment Trust Contract)

Article 19 When the Settlor Company of an Investment Trust intends to cancel an Investment Trust Contract, it shall notify the Prime Minister to that effect in advance.

(Cancellation, etc. of an Investment Trust Contract)

Article 20 (1) The provisions of Article 17 and Article 18 shall apply mutatis mutandis to cases where the Settlor Company of an Investment Trust intends to cancel an Investment Trust Contract. In this case, the phrase "the contents of and reason for" in Article 17, paragraph (1), item (ii) shall be deemed to be

replaced with "the reason for," and any other necessary technical replacement of terms shall be specified by a Cabinet Order.

- (2) The preceding paragraph shall not apply to cases specified by a Cabinet Office Ordinance as the those in which it is unlikely that the protection of beneficiaries will be compromised.

(Liability of the Settlor Company of an Investment Trust)

Article 21 When a Settlor Company of an Investment Trust (including a person who has been entrusted with the authority to give instructions on investment by said Settlor Company of an Investment Trust in whole or in part and who is specified by a Cabinet Order as prescribed in Article 2, paragraph (1)), has caused the beneficiaries of the Investment Trust Property for which the Settlor Company of an Investment Trust gives instructions on investment to suffer damages by failing to perform its duties, said Settlor Company of an Investment Trust shall be jointly and severally liable for the damages suffered by said beneficiaries.

(On-Site Inspections, etc.)

Article 22 (1) The Prime Minister may, to the extent necessary for the enforcement of this Act, order the Settlor Company of an Investment Trust or a person who was the Settlor Company of an Investment Trust (hereinafter collectively referred to as the "Settlor Company of an Investment Trust, etc." in this paragraph), a Trustee Company concerned with the Investment Trust Property established by the Settlor Company of an Investment Trust, etc., or a person who was such Trustee Company (hereinafter collectively referred to as the "Trustee Company, etc." in this paragraph) or a person who deals with the Trustee Company, etc. in relation to business pertaining to the Investment Trust of the Trustee Company, etc., to submit reports or materials that will be helpful for understanding the business or property of the Settlor Company of an Investment Trust, etc. or the Trustee Company, etc., or have the relevant officials enter the business office of said Settlor Company of an Investment Trust, etc. or Trustee Company, etc. and inspect the condition of its business, property, its books, documents, or other articles pertaining to said Settlor Company of an Investment Trust, etc. or Trustee Company, etc., and may have them question any persons concerned.

- (2) An official who conducts an on-site inspection under the preceding paragraph shall carry a certificate of identification and present it when requested to do so by any person concerned.

- (3) The authority to conduct an on-site inspection under paragraph (1) shall not be construed as being vested for criminal investigation.

(Succession of Business Concerning Investment Trust Contracts)

Article 23 (1) In cases where the Settlor Company of an Investment Trust or a Trustee Company has come to fall under item (i) or item (ii), if the Prime Minister finds that it is necessary and appropriate for the public interest or for the protection of Investors that the Investment Trust Contract pertaining to the Settlor Company of the Investment Trust or Trustee Company continue, he/she may, by obtaining the consent of the Trustee Company or Settlor Company of the Investment Trust concerned with the Investment Trust Contract and another Settlor Company of an Investment Trust or Trustee Company in advance, order the Settlor Company of the Investment Trust or Trustee Company to have their business related to the Investment Trust Contract succeeded to by the other Settlor Company of an Investment Trust or Trustee Company wherefrom consent has been obtained:

- (i) Where the Settlor Company of an Investment Trust has its registration as prescribed in Article 29 of the Financial Instruments and Exchange Act rescinded under Article 52, paragraph (1) or Article 53, paragraph (3) of that Act; or
 - (ii) Where the Trustee Company has its license or registration for business or its authorization for engagement in trust business rescinded.
- (2) Where the consent prescribed in the preceding paragraph cannot be obtained, the Prime Minister shall notify the Settlor Company of an Investment Trust set forth in that paragraph to that effect, of the fact that the Settlor Company of an Investment Trust is likely to fall under item (i) of that paragraph, and of the time limit for the application provided in the following paragraph.
- (3) A Settlor Company of an Investment Trust who has received a notice under the preceding paragraph may apply for approval for the continuation of the Investment Trust Contract by the end of the time limit for the notice.
- (4) In cases where an application set forth in the preceding paragraph has been made, the Prime Minister may approve the continuation of the Investment Trust Contract by attaching conditions on the duration of the Investment Trust Contract or any other matters on or after the day on which he/she has rescinded the registration of a Settlor Company of an Investment Trust under Article 29 of the Financial Instruments and Exchange Act pursuant to the provisions of Article 52, paragraph (1) or Article 53, paragraph (3) of that Act. In this case, the person who was in the position of said Settlor Company of an Investment Trust shall be deemed not to have been subject to the rescission of its registration under Article 29 within the scope of the execution of its business.
- (5) Where the Prime Minister has given approval for the continuation of an Investment Trust Contract under the preceding paragraph or made a decision to refuse its continuation, he/she shall notify the applicant to that effect in

writing without delay.

(Cancellation of Investment Trust Contracts and Public Notice in cases of Cancellation, etc.)

Article 24 (1) When a Settlor Company of an Investment Trust or Trustee Company falls under any of the following items, the juridical person who was the Settlor Company of the Investment Trust (in cases where the Settlor Company of the Investment Trust has been dissolved as a result of a merger, a juridical person surviving the merger or juridical person established upon merger) or the Settlor Company of the Investment Trust that concluded the Investment Trust Contract with the Trustee Company shall cancel the Investment Trust Contract without delay:

(i) When the Settlor Company of an Investment Trust has had its registration under Article 29 of the Financial Instruments and Exchange Act rescinded pursuant to the provisions of Article 52, paragraph (1) or Article 53, paragraph (3) of that Act;

(ii) When the Settlor Company of an Investment Trust has been dissolved;

(iii) When the Settlor Company of an Investment Trust has discontinued business pertaining to an Investment Trust Managed under Instructions from the Settlor; or

(iv) When the Trustee Company has ceased to be a Trust Company, etc. due to the rescission of its business license or for any other reasons.

(2) The preceding paragraph shall not apply to cases which fall under any of the following items:

(i) In cases where the Settlor Company of an Investment Trust falls under item (i) of the preceding paragraph, when the Settlor Company of the Investment Trust has transferred business related to the Investment Trust Contract in accordance with an order issued by the Prime Minister under paragraph (1) of the preceding Article or when the Settlor Company of the Investment Trust has obtained approval for the continuation of its Investment Trust Contract under paragraph (4) of that Article;

(ii) In cases where a Settlor Company of an Investment Trust has been dissolved as a result of a merger, when the juridical person surviving the merger is a Financial Instruments Business Operator (in cases of an Investment Trust Contract listed in the items of Article 3, the Financial Instruments Business Operator provided in said items; the same shall apply in the following items);

(iii) In cases where a Settlor Company of an Investment Trust has been dissolved as a result of consolidation, when the juridical person established as a result of consolidation has become a Financial Instruments Business Operator after said establishment without delay; or

(iv) In cases where a Settlor Company of an Investment Trust falls under item (ii) or item (iii) of the preceding paragraph or a Trustee Company falls under item (iv) of that paragraph, when business succession related to the Investment Trust Contract has taken place from the Settlor Company of an Investment Trust or the Trustee Company to another Settlor Company of an Investment Trust or another Trustee Company.

(3) A Settlor Company of an Investment Trust or a juridical person who was a Settlor Company of an Investment Trust shall, when the Investment Trust Contract has been cancelled or the Settlor Company of the Investment Trust has succeeded to business related to the Investment Trust Contract under the preceding two paragraphs, notify to that effect within two weeks from that day.

(Method of Public Notice, etc.)

Article 25 (1) The public notice given pursuant to the provisions of this Act by the Settlor Company of an Investment Trust (including a juridical person who was the Settlor Company of an Investment Trust who gives the public notice pursuant to paragraph (3) of the preceding Article; hereinafter the same shall apply in this Article) shall be given by the method that the Settlor Company of the Investment Trust uses to give public notice (only in cases falling under any of the following methods shall the period of public notice be included):

(i) By publication in a daily newspaper that publishes matters on current affairs; or

(ii) By Electronic Public Notice (meaning an electronic public notice as prescribed in Article 2, item (xxxiv) of the Companies Act; the same shall apply in the following paragraph).

(2) The provisions of Article 940, paragraph (1) (excluding item (ii) and item (iii)) and paragraph (3), Article 941, Article 946, Article 947, Article 951, paragraph (2), Article 953, and Article 955 of the Companies Act shall apply mutatis mutandis pursuant to cases where the Settlor Company of an Investment Trust that is a foreign juridical person gives public notice under the provisions of this Act by way of an Electronic Public Notice. In this case, any necessary technical replacement of terms shall be specified by a Cabinet Order.

(Prohibition Order or Order of Suspension for Dealings in a Public Offering, etc. of Beneficiary Certificates)

Article 26 (1) When the court finds that Dealings in a Public Offering, etc.

(meaning Dealings in Public Offerings (meaning dealings in public offerings of Securities as prescribed in Article 2, paragraph (8), item (ix) of the Financial Instruments and Exchange Act; the same shall apply in Article 196, paragraph (2)), Dealings in Private Placements (meaning dealings in private placements of Securities as provided in Article 2, paragraph (8), item (ix) of that Act), and

other acts specified by a Cabinet Order; the same shall apply hereinafter) of Beneficiary Certificates of an Investment Trust Managed under Instructions from the Settlor falls under any of the following items, the court may give an order to the person who has actually conducted or who intends to conduct such acts (hereinafter referred to as the "Offender" in this Article) prohibiting or suspending such acts upon the filing of a petition by the Prime Minister:

- (i) In cases where the Offender is in violation of the provisions of this Act, orders issued under this Act or any disposition made hereunder, when there is an urgent necessity to prevent the spread of damages suffered by the Investors; or
 - (ii) In cases where the instructions on investment given by the Settlor Company of an Investment Trust issuing Beneficiary Certificates or by a person who has been entrusted in whole or in part with the authority to give instructions on investment by the Settlor Company of an Investment Trust and who is specified by a Cabinet Order as prescribed in Article 2, paragraph (1) are highly inappropriate and have actually caused or clearly will cause serious damages to the Investor's profits, when there is an urgent necessity to prevent the damages suffered by the Investors from spreading.
- (2) The court may rescind or change orders which it has issued under the preceding paragraph.
 - (3) The cases in the preceding two paragraphs shall be under the jurisdiction of the district court that has jurisdiction over the location of the Offender's principal office.
 - (4) The judicial decisions under paragraph (1) and paragraph (2) shall be issued by a ruling with reasons appended thereto.
 - (5) Before the court issues a judicial decision under paragraph (1), it shall, in advance, request statements from the Prime Minister and the Offender.
 - (6) Except in the cases referred to in the preceding three paragraphs, proceedings concerning the judicial decisions set forth paragraph (1) and paragraph (2) shall be governed by the Non-Contentious Cases Procedures Act (Act No. 14 of 1898).
 - (7) The provisions of Article 187 and Article 191 of the Financial Instruments and Exchange Act shall apply mutatis mutandis to the petition referred to in paragraph (1).

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Chapter II Investment Trusts Managed Without Instructions from the Settlor

(Trustees and Other Matters Pertaining to Investment Trusts Managed Without Instructions from the Settlor)

Article 47 (1) No contract for an Investment Trust Managed Without Instructions from the Settlor (hereinafter referred to as an "Investment Trust

Contract" in this Chapter) shall be concluded unless one Trust Company, etc. (meaning a trust company (limited to one who has obtained a license under Article 3 or Article 53, paragraph (1) of the Trust Business Act (Act No. 154 of 2004) or a Financial Institution Engaged in Trust Business; hereinafter the same shall apply in this Chapter, Article 223-3, paragraph (4) and Article 249) is to be the trustee.

- (2) Notwithstanding the provisions of Article 6 of the Act on Concurrent Operation of Trust Business by a Financial Institution, a Financial Institution Engaged in Trust business shall not, with regard to an Investment Trust Managed Without Instructions from the Settlor, conclude a contract providing that if the principal incurs a loss it is to be compensated for or that shortfalls in the predetermined amount of profit are to be made up in advance.

(Prohibition of Investment Trusts Managed Without Instructions from the Settlor for the Purpose of Investing in Securities)

Article 48 No Trust Company, etc. shall conclude an Investment Trust Contract for the purpose of mainly investing trust property of an Investment Trust Managed Without Instructions from the Settlor (hereinafter referred to as "Investment Trust Property" in this Chapter) in Securities.

(Conclusion of Investment Trust Contracts)

Article 49 (1) When a Trust Company, etc. intends to conclude an Investment Trust Contract, it shall notify the Prime Minister of the contents of the basic terms and conditions of the Investment Trust Managed Without Instructions from the Settlor pertaining to the Investment Trust Contract (hereinafter referred to as the "Basic Terms and Conditions of the Investment Trust" in this Chapter) in advance.

- (2) The Basic Terms and Conditions of the Investment Trust shall contain the following matters:
- (i) The trade name or name of the trustee;
 - (ii) Matters concerning the total trust principal to be invested jointly;
 - (iii) Matters concerning Beneficiary Certificates;
 - (iv) Matters concerning the settlor and succession to his/her rights and obligations;
 - (v) Matters concerning the management and investment of the trust principal and profits (including the type of assets to be invested);
 - (vi) Matters concerning the method, criteria, and record date for assessing Investment Trust Property;
 - (vii) Matters concerning the redemption of trust principal and distribution of profits;
 - (viii) Matters concerning the joint investment of Investment Trust Property

- pertaining to the Investment Trust Contract based on the Basic Terms and Conditions of the Investment Trust;
- (ix) Matters concerning the separation of investment of the Investment Trust Property prescribed in the preceding item from that of other Trust Property;
 - (x) Matters concerning the Trust Contract period, the extension thereof, and cancellation during the Trust Contract period;
 - (xi) Matters concerning the trust's accounting period;
 - (xii) Matters concerning the calculation method for trust fees and other fees, as well as the method and time of payment thereof;
 - (xiii) The use of Public Offerings, Private Placement with Qualified Institutional Investors, Private Placement with Professional Investors, or Private Placement with General Investors;
 - (xiv) In cases where a trustee is borrowing the funds necessary for the creation of a trust, matters concerning the maximum amount of such borrowings
 - (xv) In cases where a trustee entrusts another person with the authority pertaining to the investment, the trade name or name and whereabouts of the person who the trustee entrusts with the authority pertaining to the investment;
 - (xvi) The cost of the entrustment in the case referred to in the preceding item;
 - (xvii) Matters concerning changes to the Basic Terms and Conditions of the Investment Trust;
 - (xviii) Method of public notice to be used by the Trust Company, etc.; and
 - (xix) In addition to what is listed in the preceding items, matters specified by a Cabinet Office Ordinance.
- (3) Except in the cases specified by a Cabinet Office Ordinance, the accounting period prescribed in item (xi) of the preceding paragraph shall be no longer than one year.
- (4) The details of the matters listed in the items of paragraph (2) shall be specified by a Cabinet Office Ordinance.

(Beneficiary Certificates)

- Article 50 (1) The beneficial interest in an Investment Trust Managed Without Instructions from the Settlor shall be indicated on the Beneficiary Certificates.
- (2) The following matters and the serial numbers of the Beneficiary Certificates of an Investment Trust Managed Without Instructions from the Settlor shall be stated thereon, and the representative person of the trustees shall sign or affix his/her name and seal thereto:
- (i) The trade name or name of the trustee;
 - (ii) The face value and the number of units equivalent thereto;
 - (iii) The total amount of principal in joint investment and the number of units equivalent thereto;

- (iv) The trust Contract period;
 - (v) The time and place for the redemption of trust principal and distribution of profits;
 - (vi) The calculation method for trust fees and other fees, as well as the method and time of the payment thereof;
 - (vii) The use of Public Offerings, Private Placement with Qualified Institutional Investors, Private Placement with Professional Investors, or Private Placement with General Investors;
 - (viii) With regard to Beneficiary Certificates of an Investment Trust Managed Without Instructions from the Settlor wherein the total trust principal to be invested jointly may be increased, the maximum amount of the total principal;
 - (ix) In cases where the trustee entrusts another person with authority pertaining to the investment, the trade name or name and whereabouts of the person who the trustee is entrusting with the authority pertaining to the investment;
 - (x) The cost of entrustment in the case referred to in the preceding item; and
 - (xi) In addition to what is listed in the preceding items, matters specified by a Cabinet Office Ordinance.
- (3) The provisions of Article 6, paragraph (2) shall apply mutatis mutandis to the transfer and exercise of beneficial interest in an Investment Trust Managed Without Instructions from the Settlor, and paragraph (4) and paragraph (5) of that Article shall apply mutatis mutandis to the Beneficiary Certificates of an Investment Trust Managed Without Instructions from the Settlor, respectively.
- (4) The provisions of Chapter VIII of the Trust Act (excluding Article 185, Article 187, Article 192, Article 195, paragraph (2), Article 200, paragraph (2), Article 202, paragraph (4), Article 206, Article 207, Article 209, Article 210, and Article 212 through Article 215) shall apply mutatis mutandis to Investment Trusts Managed Without Instructions from the Settlor. In this case, the term "Ordinance of the Ministry of Justice" in said provisions shall be deemed to be replaced with "Cabinet Office Ordinance," the phrase "shall give public notice in the official gazette" in Article 189, paragraph (2) and Article 191, paragraph (5) of that Act shall be deemed to be replaced with "shall give public notice," the phrase "beneficial interest in a trust issuing beneficiary certificates (excluding beneficial interest as provided in Article 185, paragraph (2))" in Article 194 of that Act shall be deemed to be replaced with "beneficial interest for which registered Beneficiary Certificates are issued," and any other necessary technical replacement of terms shall be specified by a Cabinet Order.

(Succession to the Rights and Obligations of the Settlor)

Article 51 Any person who acquires Beneficiary Certificates shall, upon such

acquisition, succeed to the rights and obligations of the settlor of an Investment Trust Contract that are related to the Beneficiary Certificates. In this case, the provisions of Article 6, paragraph (2) shall apply mutatis mutandis to the exercise of rights of the settlor of an Investment Trust Managed Without Instructions from the Settlor.

(Prohibition, etc. of Investment Trusts Managed Without Instructions from the Settlor that Are Other than Cash Trusts)

Article 52 (1) Investment Trusts Managed Without Instructions from the Settlor shall be cash trusts.

(2) The provisions of Article 8, paragraph (2) and paragraph (3) shall apply mutatis mutandis to Investment Trusts Managed Without Instructions from the Settlor.

(Investment of Investment Trust Property)

Article 53 Investment Trust Property shall be invested separately from trust property other than said Investment Trust Property.

(Application Mutatis Mutandis of Provisions Concerning Investment Trusts Managed under Instructions from the Settlor)

Article 54 (1) The provisions of Article 5, Article 9, Article 11, Article 13, Article 14, and Article 16 through Article 18 shall apply mutatis mutandis to business related to Investment Trusts Managed Without Instructions from the Settlor carried out by a Trust Company, etc. and Article 26 shall apply mutatis mutandis pursuant to Investment Trusts Managed Without Instructions from the Settlor. In this case, the term "instructions on investment" in said provisions shall be deemed to be replaced with "investments," the phrase "may not instruct the Trust Company, etc. that is the trustee of the Investment Trust Property (hereinafter referred to as the 'Trustee Company') to acquire" in Article 9 shall be deemed to be replaced with "may not acquire," the phrases "other Investment Trust Property for which the Settlor Company of an Investment Trust gives instructions on investment (in cases where the Settlor Company of an Investment Trust is an Asset Management Company, an Investment Corporation investing assets shall be included; the same shall apply in the following item)" in Article 13, paragraph (1), item (ii), "other Investment Trust Property" in item (iii) of that paragraph shall be deemed to be replaced with "other trust property," and any other necessary technical replacement of terms shall be specified by a Cabinet Order.

(2) The provisions of Article 25 through Article 27, Article 29, paragraph (3), and Article 29-2 of the Trust Business Act shall not apply to Investment Trust Contracts.

(Entrustment of Authority Pertaining to Investment)

- Article 55 (1) A Trust Company, etc. shall not, with regard to specific Investment Trust Property invested thereby, entrust the whole of the authority pertaining to said investment to persons specified by a Cabinet Office Ordinance as prescribed in Article 2, paragraph (2) or to other persons.
- (2) With regard to the application of Article 9 and Article 11 as applied mutatis mutandis pursuant to paragraph (1) of the preceding Article in cases where a Trust Company, etc. has entrusted part of the authority pertaining to the investment of specific Investment Trust Property conducted thereby, the term "Settlor Company of an Investment Trust" in said provisions shall be deemed to be replaced with "Trust Company, etc. (including one who has received partial entrustment of the authority pertaining to the investment from the Trust Company, etc. specified by a Cabinet Order as provided in Article 2, paragraph (2))."

(Liability of Trust Companies, etc.)

- Article 56 When a Trust Company, etc. (including a person who has been entrusted with part of the authority pertaining to the investment by the Trust Company, etc. who is specified by a Cabinet Order as prescribed in Article 2, paragraph (2)) has caused the beneficiaries of Investment Trust Property for which it conducts investment to suffer damages by failing to perform its duties, said Trust Company, etc. shall be jointly and severally liable for the damages suffered by said beneficiaries.

(Method of Public Notice)

- Article 57 Public notice given with regard to Investment Trusts Managed Without Instructions from the Settlor pursuant to the provisions of this Act shall be given by the method that the Trust Company, etc. who is the trustee of the Investment Trust Managed Without Instructions from the Settlor uses for giving public notice (in the case where a Trust Company, etc. who is the new trustee has yet to assume the duties of the Trust Company, etc. who is the former trustee after said former trustee has completed its duties, the Trust Company, etc. who is the former trustee) (only in cases where either of the following methods is used shall the period for public notice be included):
- (i) By publication in a daily newspaper that publishes matters on current affairs; or
 - (ii) By Electronic Public Notice (meaning, from among the methods of public notice, the method of public notice which enables many and unspecified persons to receive information which should be made public by using an Electronic Method (meaning an electronic method as prescribed in Article 2,

item (xxxiv) of the Companies Act) as specified in that item).

Chapter III Foreign Investment Trusts

(Notification by Foreign Investment Trusts)

Article 58 (1) In cases where Dealings in a Public Offering, etc. of Beneficiary Certificates (excluding those found not to hinder the protection of investors, taking into consideration the contents thereof and other matters as specified by a Cabinet Order) are to be carried out, issuers of Beneficiary Certificates of a Foreign Investment Trust shall notify the Prime Minister of the following matters pertaining to the Foreign Investment Trust as provided by a Cabinet Office Ordinance in advance:

- (i) Matters concerning the settlor (limited to cases where such Foreign Investment Trust is similar to an Investment Trust Managed under Instructions on a Settlor's Order), trustee, and beneficiary;
- (ii) Matters concerning the Beneficiary Certificates;
- (iii) Matters concerning the management and investment of the trust;
- (iv) Matters concerning calculation of the trust and the distribution of profits; and
- (v) In addition to what is listed in the preceding items, matters specified by a Cabinet Office Ordinance.

(2) The basic terms and conditions of the Foreign Investment Trust, documents similar thereto and any other documents specified by a Cabinet Office Ordinance shall be attached to the notification set forth in the preceding paragraph.

(Notification, etc. of Changes, etc. to the Basic Terms and Conditions of a Foreign Investment Trust)

Article 59 The provisions of Article 5, Article 14, Article 16, Article 17, paragraph (1) (excluding item (i) and item (iii)) and paragraph (2) through paragraph (5), and Article 25 shall apply mutatis mutandis to issuers of Beneficiary Certificates of a Foreign Investment Trust (limited to those for which notification has been made under paragraph (1) of the preceding Article; hereinafter the same shall apply in this Article) and Article 19 and Article 20, paragraph (1) shall apply mutatis mutandis to issuers of Beneficiary Certificates of a Foreign Investment Trust which is similar to an Investment Trust Managed under Instructions from the Settlor. In this case, the phrase "shall provide the following matters and adopt a written resolution" in Article 17, paragraph (1) (excluding item (i) and item (iii)) shall be deemed to be replaced with "shall provide for the following matters," the terms "a written resolution" and "resolution" in paragraph (2) and paragraph (5) of that Article

shall be deemed to be replaced with "Material Changes to the Basic Terms and Conditions, etc.," the phrase "Article 17 and Article 18" in Article 20, paragraph (1) shall be deemed to be replaced with "Article 17, paragraph (1) (excluding item (i) and item (iii)) and paragraph (2) through paragraph (5)," the phrase "excluding item (ii) and item (iii)" in Article 25, paragraph (2) shall be deemed to be replaced with "limited to the part pertaining to item (i)" and any other necessary replacement of terms shall be specified by a Cabinet Order.

(Prohibition Order or Order of Suspension for Dealings in a Public Offering, etc. of Beneficiary Certificates of a Foreign Investment Trust)

Article 60 (1) With regard to Dealings in a Public Offering, etc. of Beneficiary Certificates of a Foreign Investment Trust, in cases where instructions on investment given for the assets of a Foreign Investment Trust pertaining to the Beneficiary Certificates or the investment thereof is highly inappropriate and has actually caused or clearly will cause serious damage to the Investor's profits and it is found that there is an urgent necessity to prevent the damages suffered by the Investors from spreading, the court may issue an order to a person who has actually conducted or who intends to conduct such acts prohibiting or suspending such acts upon the filing of a petition by the Prime Minister.

(2) The provisions of Article 26, paragraph (2) through paragraph (6) shall apply mutatis mutandis to a judicial decision under the preceding paragraph.

(3) The provisions of Article 187 and Article 191 of the Financial Instruments and Exchange Act shall apply mutatis mutandis to the petition referred to in paragraph (1).

Part III Systems of Investment Corporations

Chapter I Investment Corporations

Section 1 General Rules

(Juridical Personality)

Article 61 An Investment Corporation shall be a juridical person.

(Address)

Article 62 The address of the Investment Corporation shall be the location of its head office.

(Restriction on Capacity)

Article 63 (1) An Investment Corporation shall not engage in business other than asset investments.

(2) An Investment Corporation shall not establish any business office other than

a head office nor shall it have employees.

(Commercial Transactions, etc.)

Article 63-2 (1) The business transactions conducted by an Investment Corporation or the transactions conducted for business by an Investment Corporation shall be considered to be commercial transactions.

(2) The provisions of Article 11 through Article 15 and Article 19 of the Commercial Code (Act No. 48 of 1899) shall not apply to Investment Corporations.

(Trade Name, etc.)

Article 64 (1) The name of an Investment Corporation shall be its trade name.

(2) An Investment Corporation shall use the term "toshi hojin" (which means "Investment Corporation") in its trade name.

(3) No person other than an Investment Corporation shall use in its name or trade name any term which is likely to mislead people into believing that the person is an Investment Corporation.

(4) No person shall, with a wrongful purpose, use any name or trade name that is likely to mislead people into believing that the person is a different Investment Corporation.

(5) Any Investment Corporation whose business interests have been infringed or whose business interests are likely to be infringed by the use of names or trade names in violation of the preceding paragraph may seek an injunction to suspend or prevent such infringement against the person who has infringed or is likely to infringe upon such business interests.

(6) Any Investment Corporation that has permitted others to carry out business or engage in enterprises using said Investment Corporation's own trade name shall be jointly and severally liable together with such others, vis-a-vis any person who has transacted with such others based on the misunderstanding that said Investment Corporation was carrying out such business, for the performance of any obligations which may arise from such a transaction.

(Technical Replacement of Terms, etc. for Application, Mutatis Mutandis, of the Provisions of the Companies Act)

Article 65 (1) In cases where applying the provisions of the Companies Act mutatis mutandis pursuant to the provisions of this Part (excluding Article 186-2, paragraph (4)) and Part V, except for cases where specially provided, the terms "Electromagnetic Records," "Electronic Method," "Ordinance of the Ministry of Justice," "Stock Company," "shares," "shareholder," "articles of incorporation," "incorporator(s)," and "share certificate" as used in the provisions of that Act shall be deemed to be replaced with "Electromagnetic

Records (meaning electromagnetic record as prescribed in Article 66, paragraph (2) of the Investment Corporations Act)," "Electromagnetic Means (meaning the electromagnetic means as prescribed in Article 71 of the Investment Corporations Act," "Cabinet Office Ordinance," "Investment Corporation," "Investment Equity," "Investor," "certificate of incorporation," "organizer(s)," and "Investment Securities," respectively.

- (2) The term "Investment Corporations Act" in the provisions of the Companies Act and Commercial Registration Act (Act No. 125 of 1963) which has been replaced by the provisions of this Part as applied mutatis mutandis pursuant to this Part, shall mean the Act on Investment Trusts and Investment Corporations.

Section 2 Establishment

(Preparation, etc. of the Certificate of Incorporation by Organizer(s))

Article 66 (1) In order to establish an Investment Corporation, the organizers shall prepare a certificate of incorporation and all the organizers shall sign or affix their names and seals thereto.

- (2) The certificate of incorporation prescribed in the preceding paragraph may be prepared in the form of an Electromagnetic Record (meaning a record made in electronic form, magnetic form, or any other form not recognizable to human perception which is used in information processing by computers as specified by a Cabinet Office Ordinance; the same shall apply hereinafter). In this case, with regard to the information recorded in the Electromagnetic Record, measures in lieu of the signing or affixing of names and seals shall be taken as specified by a Cabinet Office Ordinance.

- (3) An organizer (when there are two or more organizers, at least one of them) shall be any of the persons listed in the following items:

(i) A Financial Instruments Business Operator who invests in the same kind of assets as the Specified Assets which are to be the main subject of investment of the Investment Corporation that said person intends to establish (in the cases listed in the following sub-item (a) or (b), the Financial Instruments Business Operator specified in the respective sub-item (a) or (b)):

(a) When Real Property is included in the Specified Assets: A Financial Instruments Business Operator who has obtained the license under Article 3, paragraph (1) of the Building Lots and Buildings Transaction Business Act and authorization under Article 50-2 of that Act; and

(b) When assets other than the Securities and Real Property specified by a Cabinet Order are included in the Specified Assets: A Financial Instruments Business Operator as specified by a Cabinet Order.

- (ii) In addition to those listed in the preceding item, persons specified by a

Cabinet Order as having the appropriate knowledge and experience in affairs pertaining to the investment of assets owned by others as specified by a Cabinet Order.

(4) None of the persons listed in Article 98, item (ii) through item (v) may act as an organizer.

(Matters, etc. to be Stated or Recorded on Certificates of Incorporation)

Article 67 (1) The following matters shall be stated or recorded in the certificate of incorporation of an Investment Corporation:

- (i) The purpose;
- (ii) The trade name
- (iii) To the effect that Investment Equity shall or shall not be refunded in response to a request made by an Investor;
- (iv) The total number of units of Investment Equity which the Investment Corporation is authorized to issue (hereinafter referred to as the "Total Number of Units of Authorized Investment Equity");
- (v) The amount of monies invested on establishment;
- (vi) The minimum amount of net assets regularly held by the Investment Corporation;
- (vii) The subject and policy of asset investments;
- (viii) The method, criteria, and record date for asset assessment;
- (ix) The policies for distributing monies;
- (x) The accounting period;
- (xi) The location of its head office;
- (xii) The amount of remuneration paid to a corporate officer(s), supervisory officers, and accounting auditors or the criteria for payment of such remuneration;
- (xiii) The amount of asset investment fees paid to the Asset Management Company or the criteria for payment of such asset investment fees;
- (xiv) The name and address of the person who is to become an Administrative Agent, Asset Management Company, or Asset Custody Company at establishment and the outline of the contract concluded with such person;
- (xv) The maximum amount for borrowings and issues of Investment Corporation Bonds;
- (xvi) The name(s) and address(es) of the organizer(s);
- (xvii) Whether or not the organizer(s) shall receive remuneration or any other special benefit upon the establishment of the Investment Corporation, and when there are special benefits, the name(s) of the organizer(s) and the amount of such benefits; and
- (xviii) Whether or not there are establishment expenses which the Investment Corporation is to bear, and when such expenses are to be borne, the details

and amount thereof.

- (2) When an Investment Corporation provides, with regard to the matters listed in item (iii) of the preceding paragraph, to the effect that the Investment Equity is to be refunded at the request of the Investor, the Investment Corporation may also provide to the effect that such refund is to be suspended in certain cases;
- (3) The amount set forth in item (v) of paragraph (1) may be decided by designating the maximum amount and the minimum amount thereof.
- (4) The minimum amount of net assets as prescribed in item (vi) of paragraph (1) (hereinafter referred to as the "Minimum Net Assets") shall be 50 million yen or more and shall not fall below the amount specified by a Cabinet Order.
- (5) The details of the matters listed in the items of paragraph (1) shall be specified by a Cabinet Office Ordinance.
- (6) In addition to the matters listed in the items of paragraph (1), any matters which shall not become effective unless provided for in the certificate of incorporation under the provisions of this Act and any other matters which do not violate the provisions of this Act may be stated or recorded on the certificate of incorporation of an Investment Corporation, pursuant to the provisions of this Act.
- (7) The provisions of Article 31, paragraph (1) through paragraph (3) of the Companies Act shall apply mutatis mutandis to the certificate of incorporation. In this case, the term "the head office or branch office" in Article 31, paragraph (1) shall be deemed to be replaced with "the head office," the term "the court" in paragraph (3) of that Article shall be deemed to be replaced with "the Prime Minister," and any other necessary technical replacement of terms shall be specified by a Cabinet Order.

(Total Amount of Investment at the Time of Establishment)

- Article 68 (1) The total amount of investment of an Investment Corporation at the time of its establishment shall be the total amount to be paid in for the Investment Equity Issued at Establishment (meaning the Investment Equity issued upon the establishment of an Investment Corporation; the same shall apply hereinafter) (meaning the amount to be paid in exchange for one unit of Investment Equity Issued at Establishment).
- (2) The total amount of investment set forth in the preceding paragraph shall be 100 million yen or more and shall not fall below the amount specified by a Cabinet Order.

(Notification and Other Matters Related to Establishment)

- Article 69 (1) When an organizer(s) intends to establish an Investment Corporation, he/she shall notify the Prime Minister to that effect and of the

names and addresses of the candidates for Corporate Officer(s) at Establishment (meaning those who would become corporate officers upon the establishment of Investment Corporation; the same shall apply hereinafter) pursuant to the provisions of a Cabinet Office Ordinance, in advance.

- (2) A certificate of incorporation and other documents specified by a Cabinet Office Ordinance shall be attached to the notification set forth in the preceding paragraph.
- (3) In the cases prescribed in the preceding paragraph, when the certificate of incorporation is prepared in the form of an Electromagnetic Record, the Electromagnetic Record (limited to one specified by a Cabinet Office Ordinance) may be attached in lieu of the documents.
- (4) Only after the notification prescribed in paragraph (1) has been made, may the organizer(s) give the notice set forth in Article 71, paragraph (1), solicit applications for subscriptions for Investment Equity Issued at Establishment, or carry out acts to subscribe for said Investment Equity Issued at Establishment by themselves or have others subscribe therefor.
- (5) The certificate of incorporation shall become effective when the notification under paragraph (1) has been accepted.
- (6) The certificate of incorporation for which notification under paragraph (1) has been accepted shall not be changed before the establishment of the Investment Corporation.
- (7) The provisions of Article 96 and Article 97 of the Companies Act shall apply mutatis mutandis pursuant to the change of the certificate of incorporation. In this case, the term "Article 30(2)" in Article 96 of that Act shall be deemed to be replaced with "Article 69, paragraph (6) of the Investment Corporations Act," the term "each item of Article 28" in Article 97 of the Companies Act shall be deemed to be replaced with "Article 67, paragraph (1), item (xvii) or item (xviii) of the Investment Corporations Act" and any other necessary technical replacement of terms shall be specified by a Cabinet Order.

(Obligations of the Organizer(s))

- Article 70 (1) An organizer(s) shall observe laws, regulations, and its certificate of incorporation, and shall perform his/her duties with due loyalty to the Investment Corporation which he/she intends to establish.
- (2) An organizer(s) shall observe laws, regulations, and its certificate of incorporation, and execute business with the due care of a prudent manager in the Investment Corporation which he/she intends to establish.

(Decision on Matters Concerning Investment Equity Solicited at Establishment)

- Article 70-2 (1) When an organizer(s) intends to solicit persons to subscribe for

Investment Equity Issued at Establishment, he/she shall, on each occasion, provide the following matters with regard to the Investment Equity Solicited at Establishment (meaning the Investment Equity allotted to persons who apply to subscribe for Investment Equity Issued at Establishment in response to said solicitation; the same shall apply hereinafter):

- (i) The number of units of Investment Equity Solicited at Establishment;
 - (ii) The amount to be paid in for the Investment Equity Solicited at Establishment (meaning the amount to be paid in exchange for one unit of Investment Equity Solicited at Establishment); and
 - (iii) The due date or period for the payment of monies to be made in exchange for the Investment Equity Solicited at Establishment.
- (2) When an organizer intends to provide the matters listed in the items of the preceding paragraph, he/she shall first obtain consent from all the other organizers.
- (3) The conditions for solicitation prescribed in paragraph (1) shall be provided equally for each solicitation.

(Application, etc. for Investment Equity Solicited at Establishment)

Article 71 (1) An organizer(s) shall notify a person who intends to apply to subscribe for an Investment Equity Solicited at Establishment of the following matters in response to solicitation prescribed in paragraph (1) of the preceding Article:

- (i) The date on which the notification under Article 69, paragraph (1) was made;
- (ii) The matters listed in the items of Article 67, paragraph (1) and the items of paragraph (1) of the preceding Article;
- (iii) When there are any provisions in the certificate of incorporation with regard to the duration or grounds for dissolution of an Investment Corporation, such provisions;
- (iv) The method of allotment of Investment Equity Solicited at Establishment;
- (v) The place where payments are handled by the institution that handles payments;
- (vi) The names and addresses of the Corporate Officer(s) at Establishment, Supervisory Officers at Establishment (meaning persons who become supervisory officers at the time of the establishment of the Investment Corporation; the same shall apply hereinafter), and Accounting Auditor(s) at Establishment (meaning one who becomes an accounting auditor upon the establishment of the Investment Corporation; the same shall apply hereinafter), as well as the details of the special interest between the candidates to become Corporate Officer(s) at Establishment and the organizer(s) if any;

- (vii) The establishment shall be cancelled unless there are sufficient applications for subscription to satisfy the amount prescribed in Article 67, paragraph (1), item (v);
 - (viii) Where a registration for the establishment of an Investment Corporation has not been made, or where the registration has not been made by the Prime Minister by a certain time, the subscription for Investment Equity Solicited at Establishment may be cancelled;
 - (ix) When there are any provisions in the certificate of incorporation with regard to exemption from liability of a corporate officer(s), supervisory officers, or an accounting auditor under Article 115-6, paragraph (7), such provisions; and
 - (x) In addition to what is listed in the preceding items, matters specified by a Cabinet Office Ordinance.
- (2) The institution that handles payments as set forth in item (v) of the preceding paragraph shall be a Bank, etc. (meaning a bank, trust company, or other institution specified by a Cabinet Office Ordinance as being equivalent thereto).
- (3) The details of the matters listed in paragraph (1), item (vi) shall be specified by a Cabinet Office Ordinance.
- (4) Any person who applies to subscribe for Investment Equity Solicited at Establishment in response to the solicitation under paragraph (1) of the preceding Article shall deliver documents in which the following matters are stated to the organizer(s):
- (i) The name and address of the person who is filing the application; and
 - (ii) The number of units of Investment Equity Solicited at Establishment for which the applicant intends to subscribe.
- (5) Any person who files an application as prescribed in the preceding paragraph may, in lieu of delivering documents as prescribed in that paragraph, provide the matters to be stated in the documents set forth in the preceding paragraph by Electromagnetic Means (meaning the means of using an electronic data processing system and other means of using an information and communications technology as specified by a Cabinet Office Ordinance; hereinafter the same shall apply except in Article 186-2, paragraph (1), item (iii)) with the consent of the organizer(s), pursuant to the provisions of a Cabinet Order. In this case, the person who filed such application shall be deemed to have delivered the documents under the preceding paragraph.
- (6) Where there are any changes to the matters listed in the items of paragraph (1), the organizer(s) shall immediately notify the person who filed an application as prescribed in paragraph (4) (such person shall be referred to as the "Applicant" in the following paragraph) to that effect and of the changed matters.
- (7) It shall be sufficient if a notice or demand made to the Applicant by the

- organizer(s) is sent to the address set forth in paragraph (4), item (i) (in cases where the Applicant has notified the organizer(s) of another place or contact address at which to receive a notice or demand, such place or contact address).
- (8) The notice or demand referred to in the preceding paragraph shall be deemed to have arrived at the time when such notice or demand should have normally arrived.
- (9) Payments for subscriptions for Investment Equity Solicited at Establishment shall be made in money alone.
- (10) The provisions of Article 60, Article 62 (excluding item (ii)) and Article 63 of the Companies Act shall apply mutatis mutandis to Investment Equity Solicited at Establishment and Article 64 of that Act shall apply mutatis mutandis to the Bank, etc. prescribed in paragraph (2.). In this case, the term "item (ii), paragraph (3) of the preceding Article" in Article 60, paragraph (1) of that Act shall be deemed to be replaced with "Article 71, paragraph (4), item (ii) of the Investment Corporations Act," the term "item (iii) of Article 58 (1)" in Article 60, paragraph (2) and Article 63, paragraph (1) of the Companies Act shall be deemed to be replaced with "Article 70-2, paragraph (1), item (iii) of the Investment Corporations Act," the term "Article 57(1)" in Article 64, paragraph (1) of the Companies Act shall be deemed to be replaced with "Article 70-2, paragraph (1) of the Investment Corporations Act," and any other necessary technical replacement of terms shall be specified by a Cabinet Order.

(Appointment of Corporate Officer(s) at Establishment, etc.)

Article 72 The candidates for becoming Corporate Officer(s) at Establishment, Supervisory Officers at Establishment, and an Accounting Auditor(s) at Establishment notified under paragraph (1) of the preceding Article shall be deemed as having been appointed as the Corporate Officer(s) at Establishment, Supervisory Officers at Establishment, and Accounting Auditor(s) at Establishment when the allotment of Investment Equity Issued at Establishment has been completed.

(Investigations, etc. by Corporate Officer(s) at Establishment)

Article 73 (1) With regard to the establishment of an Investment Corporation, a Corporate Officer(s) at Establishment or Supervisory Officers at Establishment shall make an investigation into the following matters without delay on or after either the date under Article 70-2, paragraph (1), item (iii) or the last day of the period set forth in that item, whichever comes later:

- (i) The fact that subscriptions have been made for Investment Equity Solicited at Establishment which satisfy the amount prescribed in Article 67, paragraph (1), item (v);
- (ii) The fact that payments under Article 63, paragraph (1) of the Companies

- Act as applied mutatis mutandis pursuant to Article 71, paragraph (10) have been completed; and
- (iii) In addition to the matters listed in the preceding two items, with regard to the procedures for establishing an Investment Corporation, the fact that no matters violating laws and regulations or the certificate of incorporation or other matters specified by a Cabinet Office Ordinance have been found.
- (2) When a Corporate Officer(s) at Establishment finds, through an investigation made under the preceding paragraph, that any of the matters listed in the items of the preceding paragraph is lacking, he/she shall report to the organizer(s) to that effect.
- (3) When an organizer(s) has received a report under the preceding paragraph, he/she shall call a general meeting of Investors at Establishment (meaning those who have become Investors in an Investment Corporation under Article 102, paragraph (2) of the Companies Act as applied mutatis mutandis pursuant to Article 75, paragraph (5); the same shall apply hereinafter) (hereinafter such general meeting shall be referred to as an "Organizational Meeting").
- (4) The provisions of Article 90-2 and Article 91 of this Act shall apply mutatis mutandis to cases where the organizer(s) call an Organizational Meeting; the provisions of Article 68, paragraph (5) through paragraph (7), the main clause of Article 72, paragraph (1), Article 73, paragraph (1) and paragraph (4), Article 74 through Article 83, and Article 93, paragraph (2) and paragraph (3) of the Companies Act shall apply mutatis mutandis to the Organizational Meeting of an Investment Corporation; and the provisions of Article 830, Article 831, Article 834 (limited to the part pertaining to item (xvi) and item (xvii)), Article 835, paragraph (1), Article 836, paragraph (1) and paragraph (3), Article 837, Article 838, Article 846, and Article 937, paragraph (1) (limited to the part pertaining to sub-item (g) of item (i)) of the Companies Act shall apply mutatis mutandis to an action for a declaratory judgment of absence or an invalidation of a resolution adopted at an Organizational Meeting of an Investment Corporation or an action seeking rescission of such resolution. In this case, the phrase "shall give public notice of the date of the Investors' meeting no later than two months prior to that date, and shall send notice thereof in writing to the Investors more than two weeks prior to that date" in Article 91, paragraph (1) of this Act shall be deemed to be replaced with "shall send notice of the date of the Investors' meeting no later than two weeks prior to that date," the phrase "item (v) of Article 27, or item (i) of Article 59(3)" in Article 68, paragraph (5) of the Companies Act shall be deemed to be replaced with "Article 67, paragraph (1), item (xvi) or Article 71, paragraph (4), item (i) of the Investment Corporations Act," the term "paragraph (1)" in Article 68, paragraph (7) of the Companies Act shall be deemed to be replaced with "Article 91, paragraph (1) of the Investment Corporations Act as applied

mutatis mutandis pursuant to Article 73, paragraph (4) of the Investment Corporations Act," the term "item (ii) of Article 67(1)" in Article 73, paragraph (4) of the Companies Act shall be deemed to be replaced with "Article 90-2, paragraph (1), item (ii) of the Investment Corporations Act as applied mutatis mutandis pursuant to Article 73, paragraph (4) of the Investment Corporations Act," the phrase "Article 68(3)" in Article 74, paragraph (4) and Article 76, paragraph (2) of the Companies Act shall be deemed to be replaced with "Article 91, paragraph (2) of the Investment Corporations Act as applied mutatis mutandis pursuant to Article 73, paragraph (4) of the Investment Corporations Act," the phrase "Article 67 and Article 68" in Article 80 of the Companies Act shall be deemed to be replaced with "Article 90-2, paragraph (1) and Article 91, paragraph (1) through paragraph (3) of the Investment Corporations Act as applied mutatis mutandis pursuant to Article 73, paragraph (4) of the Investment Corporations Act," the term "the court" in Article 81, paragraph (4) and Article 82, paragraph (4) of the Companies Act shall be deemed to be replaced with "the Prime Minister," the phrase "The Directors at Incorporation" in Article 93, paragraph (2) and paragraph (3) of the Companies Act shall be deemed to be replaced with "The Corporate Officer(s) at Establishment and Supervisory Officers at Establishment," the terms "the preceding paragraph" in Article 93, paragraph (2) of the Companies Act and "paragraph (1)" in paragraph (3) of that Article shall be deemed to be replaced with "Article 73, paragraph (1) of the Investment Corporations Act," and any other necessary technical replacement of terms shall be specified by a Cabinet Order.

(Establishment of an Investment Corporation)

Article 74 The establishment of an Investment Corporation shall be completed through the registration of its establishment.

(Application Mutatis Mutandis of Companies Act, etc.)

Article 75 (1) The provisions of Article 53 through Article 56 of the Companies Act shall apply mutatis mutandis to Investment Corporations. In this case, any necessary technical replacement of terms shall be specified by a Cabinet Order.

(2) When there is any Investment Equity Solicited at Establishment that has yet to be subscribed for at the time of the establishment of an Investment Corporation, the organizer(s), Corporate Officer(s) at Establishment, and Supervisory Officers at Establishment shall be deemed to have jointly subscribed for such Investment Equity. The same shall apply to cases where a subscriber for Investment Equity has manifested his/her intention to cancel his/her subscription for Investment Equity Solicited at Establishment after the establishment of the Investment Corporation.

- (3) When there is any Investment Equity Solicited at Establishment that has yet to be paid in under Article 63, paragraph (1) of the Companies Act as applied mutatis mutandis pursuant to Article 71, paragraph (10) at the time of the establishment of an Investment Corporation, the organizer(s), Corporate Officer(s) at Establishment and Supervisory Officers at Establishment shall jointly and severally have the obligation to pay the unpaid amount.
- (4) Any person (excluding an organizer) who has consented to having his/her name and a statement to the effect that he/she supports the establishment of an Investment Corporation stated or recorded in an advertisement for solicitation as prescribed in Article 70-2, paragraph (1), other documents related to such solicitation, and an Electromagnetic Record shall be deemed to be an organizer and the preceding three paragraphs shall apply.
- (5) Article 102 of the Companies Act shall apply mutatis mutandis to Investment Equity Solicited at Establishment. In this case, any necessary technical replacement of terms shall be specified by a Cabinet Order.
- (6) The provisions of Article 828, paragraph (1) (limited to the part pertaining to item (i)), and paragraph (2) (limited to the part pertaining to item (i)), Article 834 (limited to the part pertaining to item (i)), Article 835, paragraph (1), Article 836, paragraph (1) and paragraph (3), Article 837 through Article 839, Article 846, and Article 937, paragraph (1) (limited to the part pertaining to sub-item (a) of item (i)) of the Companies Act shall apply mutatis mutandis to an action seeking invalidation of the establishment of an Investment Corporation. In this case, any necessary technical replacement of terms shall be specified by a Cabinet Order.
- (7) The provisions of Part VII, Chapter II, Section 2 of the Companies Act (excluding Article 847, paragraph (2), Article 849, paragraph (2), item (ii) and paragraph (5), and Article 851, paragraph (1), item (i) and paragraph (2)) shall apply mutatis mutandis to an action pursuing the liability of an organizer(s), a Corporate Officer(s) at Establishment, and Supervisory Officers at Establishment. In this case, any necessary technical replacement of terms shall be specified by a Cabinet Order.

Section 3 Investment Equity and Investment Securities

(Investment Equity)

Article 76 Investment Equity issued by an Investment Corporation shall have no par value.

(Liability and Rights, etc. of Investors)

Article 77 (1) The liability of Investors shall be limited in amount to the subscription price of Investment Equity held thereby.

- (2) An Investor shall, with regard to the Investment Equity he/she holds, have the following rights and other rights recognized pursuant to the provisions of this Act:
 - (i) The right to receive distribution of monies;
 - (ii) The right to receive distribution of residual assets; and
 - (iii) The right to vote at Investors' meetings.
- (3) The provisions of the certificate of incorporation that do not provide for the whole of the rights listed in item (i) and item (ii) of the preceding paragraph or the whole or a part of the rights listed in item (iii) of that paragraph to the Investors shall not be effective.
- (4) The provisions of Article 106 and Article 109, paragraph (1) of the Companies Act shall apply mutatis mutandis to Investment Equity. In this case, the term "the features and numbers" in that paragraph shall be deemed to be replaced with "the number of units," and any other necessary technical replacement of terms shall be specified by a Cabinet Order.

(Provision of Benefits Regarding the Exercise of Rights of Investors)

- Article 77-2 (1) An Investment Corporation shall not give property benefits to any person with regard to the exercise of the rights of an Investor (limited to the provision of benefits made on the account of said Investment Corporation or its Subsidiary Corporation (meaning an Investment Corporation the majority of whose Issued Investment Equity (meaning Investment Equity issued by an Investment Corporation; the same shall apply hereinafter) is held by another Investment Corporation; the same shall apply hereinafter); hereinafter the same shall apply in this Article).
- (2) When an Investment Corporation has given property benefits without compensation to a particular Investor, said Investment Corporation shall, with regard to the exercise of the rights of an Investor, be presumed to have given property benefits. The same shall apply to cases where an Investment Corporation has given property benefits to a particular Investor with compensation if the benefits received by said Investment Corporation or its Subsidiary Corporation are much lower than the property benefits.
 - (3) When an Investment Corporation has given property benefits in violation of paragraph (1), the recipient of such benefits shall return the same to the Investment Corporation or its Subsidiary Corporation. In this case, if the recipient has tendered anything to the Investment Corporation or its Subsidiary Corporation in exchange for said benefits, said recipient may receive the return of the same.
 - (4) When an Investment Corporation has given property benefits in violation of paragraph (1), any corporate officer(s) or supervisory officers who have participated in giving the benefits as provided by a Cabinet Office Ordinance

shall jointly and severally have an obligation to pay the amount equivalent to the given benefits; provided, however, that, this shall not apply to cases where the relevant person (excluding a corporate officer who has given such benefits) has proved that he/she did not fail to exercise due care in the course of his/her duties.

- (5) An exemption from the obligation as provided in the preceding paragraph shall not be given without the consent of all the Investors.
- (6) The provisions of Part VII, Chapter II, Section 2 of the Companies Act (excluding Article 847, paragraph (2), Article 849, paragraph (2), item (ii) and paragraph (5) and Article 851, paragraph (1), item (i) and paragraph (2)) shall apply mutatis mutandis to an action seeking the return of the benefits set forth in paragraph (3). In this case, any necessary technical replacement of terms shall be specified by a Cabinet Order.

(Investors' Registry, etc.)

Article 77-3 (1) An Investment Corporation shall prepare an Investors' registry and state or record the following matters and the total number of units of Issued Investment Equity therein:

- (i) The names and addresses of the Investors;
- (ii) The number of units of Investment Equity held by the Investors prescribed in the preceding item;
- (iii) The day on which the Investors set forth in item (i) acquired the Investment Equity; and
- (iv) The serial number of the Investment Securities pertaining to the Investment Equity prescribed in item (ii) (limited to Investment Equity for which Investment Securities are issued).

(2) An Investment Corporation may fix a certain date (hereinafter referred to as the "Record Date" in this paragraph and the following paragraph) and provide to the effect that the Investors stated or recorded in the Investors' registry on the Record Date may exercise their rights.

(3) The provisions of Article 124, paragraph (2) and paragraph (3) of the Companies Act shall apply mutatis mutandis to the Record Date, Article 125 of that Act (excluding paragraph (3), item (iii)) shall apply mutatis mutandis to the Investors' registry, and the provisions of Article 126 and Article 596, paragraph (1) and paragraph (2) of that Act shall apply mutatis mutandis to the notice or demand made to the Investors. In this case, the phrase "its head office (or, in cases where there is an Administrator of Shareholder Registry, at its business office)" in Article 125, paragraph (1) of that Act shall be deemed to be replaced with "the business office of the Administrator of the Investors' Registry, etc. as prescribed in Article 166, paragraph (2), item (viii) of the Investment Corporations Act," the term "the court" in Article 125, paragraph

(4) and paragraph (5) of the Companies Act shall be deemed to be replaced with "the Prime Minister," the term "any item of paragraph (3)" in Article 125, paragraph (5) of that Act shall be deemed to be replaced with " paragraph (3), item (i), item (ii), item (iv), and item (v)," the phrase "Article 299(1) (including the case where applied mutatis mutandis pursuant to Article 325)" in Article 126, paragraph (5) of that Act shall be deemed to be replaced with "Article 91, paragraph (1) of the Investment Corporations Act," and any other necessary technical replacement of terms shall be specified by a Cabinet Order.

- (4) The provisions of paragraph (2), and the provisions of Article 124, paragraph (2) and paragraph (3) and Article 196, paragraph (1) and paragraph (2) of the Companies Act as applied mutatis mutandis pursuant to the preceding paragraph shall apply mutatis mutandis to pledgees who have had the matters listed in the items of Article 148 of that Act as applied mutatis mutandis pursuant to Article 79, paragraph (4) stated or recorded (hereinafter such pledgees shall be referred to as "Registered Pledgees of Investment Equity") and Article 150 of that Act shall apply mutatis mutandis to the notice or demand given to Registered Pledgees of Investment Equity. In this case, any necessary technical replacement of terms shall be specified by a Cabinet Order.
- (5) If an Investment Corporation has not issued Investment Securities for any of its Investment Equity, it may notify the Investors or Registered Pledgees of Investment Equity of the matters for which public notice are to be given in lieu of giving public notice as set forth in Article 124, paragraph (3) of the Companies Act (including the cases where it is applied mutatis mutandis pursuant to the preceding paragraph) as applied mutatis mutandis pursuant to paragraph (3).

(Transfer of Investment Equity)

Article 78 (1) An Investor may transfer the Investment Equity he/she holds.

- (2) An Investment Corporation may not, with regard to the transfer of Investment Equity, provide to the effect that the approval of the board of officers is required or impose any other restrictions.
- (3) The transfer of Investment Equity shall not become effective unless the Investment Securities for the relevant Investment Equity are delivered.
- (4) The transfer of Investment Equity effected prior to the issue of Investment Securities shall not be effective vis-a-vis an Investment Corporation.

(Perfection, etc. of Transfer of Investment Equity)

Article 79 (1) The transfer of Investment Equity shall not be duly asserted against the Investment Corporation unless the name and address of the person who has acquired the Investment Equity is stated or recorded in the Investors' registry.

- (2) The person who possesses the Investment Securities shall be presumed to be the lawful owner of the rights related to the Investment Equity pertaining to said Investment Securities.
- (3) Article 131, paragraph (2) of the Companies Act shall apply mutatis mutandis to the Investment Securities, and the provisions of Article 132 and Article 133 of that Act shall apply mutatis mutandis to the Investment Equity. In this case, any necessary technical replacement of terms shall be specified by a Cabinet Order.
- (4) The provisions of Article 146, Article 147, paragraph (2) and paragraph (3), Article 148, Article 151 (limited to the part pertaining to item (iv), item (v), item (viii), item (ix), item (xi), and item (xiv)), Article 153, paragraph (2) and paragraph (3) and Article 154 of the Companies Act shall apply mutatis mutandis to the pledge of Investment Equity. In this case, the phrase "Dividends of surplus" in Article 151, item (viii) of that Act shall be deemed to be replaced with "Distribution of monies," the term "Acquisition" in item (xiv) of that Article shall be deemed to be replaced with "refund or acquisition," the phrase "In the cases provided for in paragraph (2) of the preceding Article" in Article 153, paragraph (2) of that Act shall be deemed to be replaced with "In cases where the Investment Equity is consolidated," the phrase "In the cases provided for in paragraph (3) of the preceding Article" in paragraph (3) of that Article shall be deemed to be replaced with "In cases where the Investment Equity is split" and any other necessary technical replacement of terms shall be specified by a Cabinet Order.

(Prohibition on an Investment Corporation's Acquisition of Its Own Investment Equity and Receipt Thereof as a Pledge)

Article 80 (1) An Investment Corporation shall not acquire its own Investment Equity or receive such Investment Equity as the subject of a pledge; provided, however, that, this shall not apply to cases where the Investment Equity is acquired in the following cases:

- (i) When the Investment Corporation succeeds to the Investment Equity from an Investment Corporation which has been extinguished as a result of a merger;
 - (ii) When the Investment Corporation purchases the Investment Equity pursuant to the provisions of this Act; and
 - (iii) In addition to what is listed in the preceding two items, cases specified by a Cabinet Office Ordinance.
- (2) In the cases referred to in the proviso to the preceding paragraph, the Investment Corporation shall dispose of its Investment Equity at an appropriate time.
 - (3) The method for disposal set forth in the preceding paragraph shall be

specified by a Cabinet Office Ordinance.

(Prohibition on a Subsidiary Corporation's Acquisition of Investment Equity of Its Parent Corporation)

Article 81 (1) A Subsidiary Corporation shall not acquire the Investment Equity pertaining to the Investment Corporation which is its Parent Corporation (meaning an Investment Corporation which has another Investment Corporation as its Subsidiary Corporation; the same shall apply hereinafter) (hereinafter such Investment Equity shall be referred to as the "Investment Equity of a Parent Corporation" in this Article).

(2) The preceding paragraph shall not apply to the following cases:

(i) When the Subsidiary Corporation succeeds to the Investment Equity of a Parent Corporation from an Investment Corporation which shall be extinguished as a result of a merger; and

(ii) In addition to what is listed in the preceding item, cases specified by a Cabinet Office Ordinance.

(3) A Subsidiary Corporation shall dispose of the Investment Equity of a Parent Corporation it holds at an appropriate time.

(4) With regard to the application of this Act, where a Parent Corporation and Subsidiary Corporation, or a Subsidiary Corporation holds the majority of the Investment Equity pertaining to the Issued Investment Equity of another Investment Corporation, such other Investment Corporation shall be deemed to be the Subsidiary Corporation of the Parent Corporation.

(5) The provisions of paragraph (3) of the preceding Article shall apply mutatis mutandis to cases where the Investment Equity of a Parent Corporation is disposed of as set forth in paragraph (3).

(Consolidation of Investment Equity)

Article 81-2 (1) An Investment Corporation may consolidate its Investment Equity.

(2) The provisions of Article 180 paragraph (2) (excluding item (iii)) and paragraph (3), Article 181 and Article 182 of the Companies Act shall apply mutatis mutandis to the cases prescribed in the preceding paragraph, and Article 215, paragraph (2) of that Act shall apply mutatis mutandis to an Investment Corporation (excluding one who has provided for in its certificates of incorporation as prescribed in the first sentence of Article 86, paragraph (1)), respectively. In this case, the term "shareholders meeting" in Article 180, paragraph (2) of that Act shall be deemed to be replaced with "Investors' meeting" and any other necessary technical replacement of terms shall be specified by a Cabinet Order.

(Split of Investment Equity)

Article 81-3 (1) An Investment Corporation may split its Investment Equity.

(2) The provisions of Article 183, paragraph (2) (excluding item (iii)) and Article 184 of the Companies Act shall apply mutatis mutandis to the cases prescribed in the preceding paragraph and Article 215, paragraph (3) of that Act shall apply mutatis mutandis to an Investment Corporation (excluding one who has provided as prescribed in the first sentence of Article 86, paragraph (1) in its certificate of incorporation). In this case, the terms "a Stock Company" and "it shall prescribe the following matters by resolution at a shareholders meeting (or of a board of directors meeting for a Company with a Board of Directors)" in Article 183, paragraph (2) of that Act shall be deemed to be replaced with "an Investment Corporation" and "the corporate officers shall provide for the following matters and obtain approval from the board of officers," respectively, the term "Article 466" in Article 184, paragraph (2) of that Act shall be deemed to be replaced with "Article 140 of the Investment Corporations Act," and any other necessary technical replacement of terms shall be specified by a Cabinet Order.

Article 81-4 (1) The Investment Corporation set forth in Article 86, paragraph (1) may, notwithstanding the provisions of Article 183, paragraph (2) of the Companies Act (excluding item (iii)) as applied mutatis mutandis pursuant to paragraph (2) of the preceding Article, provide to the effect that it shall split its Investment Equity under its first certificate of incorporation upon establishment. In this case, such Investment Corporation shall notify the person who intends to apply to subscribe for Investment Equity Solicited at Establishment or Investment Equity for Subscription as prescribed in paragraph (1) of the following Article to that effect and of the matters listed in the items of the following paragraph, in response to solicitation made under Article 70-2, paragraph (1) or Article 82, paragraph (1).

- (2) In the case referred to in the first sentence of the preceding paragraph, the following matters shall be provided in the certificate of incorporation:
- (i) The method for splitting the Investment Equity;
 - (ii) The time when the split of the Investment Equity becomes effective;
 - (iii) To the effect that the Investors stated or recorded in the Investors' registry as of the time prescribed in the preceding item hold rights to receive the Investment Equity once it has been split; and
 - (iv) In addition to what is listed in the preceding three items, matters specified by a Cabinet Office Ordinance.
- (3) In the case referred to in the first sentence of paragraph (1), the Investment Corporation shall, for each period specified by a Cabinet Office Ordinance, notify the Investors prescribed in item (iii) of the preceding paragraph and the

Registered Pledges of Investment Equity pertaining to the Investment Equity held by the Investors, of the number of units of Investment Equity the Investors shall receive as a result of a split of the Investment Equity, the calculation concerning the split, and other matters specified by a Cabinet Office Ordinance.

(Determination of Subscription Requirements for Investment Equity for Subscription, etc.)

Article 82 (1) When an Investment Corporation intends to solicit persons to subscribe for the Investment Equity it issues, the corporate officer(s) shall, on each occasion, provide for the following matters regarding the Investment Equity for Subscription (meaning the Investment Equity allotted to persons who have applied to subscribe for the Investment Equity in response to solicitation; hereinafter the same shall apply in this Section) and obtain the approval of the board of officers:

- (i) The number of units of Investment Equity for Subscription;
- (ii) The amount to be paid in for Investment Equity for Subscription (meaning the amount of monies to be paid in, in exchange for one unit of Investment Equity for Subscription; hereinafter the same shall apply in this Article) or the method for calculating such amount; and
- (iii) The due date or period for the money payment to be made in exchange for the Investment Equity for Subscription.

(2) Notwithstanding the provisions of the preceding paragraph, the corporate officer(s) of an Investment Corporation as provided in Article 86, paragraph (1) shall specify the period for the issue and seek the collective approval of the board of officers with regard to solicitation of persons to subscribe for Investment Equity for Subscription within the relevant period for the issue.

(3) In the case referred to in the preceding paragraph, the corporate officer(s) set forth in that paragraph shall provide for the following matters in addition to the period for the issue, and shall obtain the approval of the board of officers:

- (i) The maximum number of units of Investment Equity issued within the period for the issue; and
- (ii) The method by which the amount to be paid in for the Investment Equity for Subscription is to be specified and the due date for the money payment made in exchange for Investment Equity for Subscription pertaining to each solicitation made within the period for the issue.

(4) In the case referred to in paragraph (2), the Investment Corporation shall give public notice of the amount to be paid in for each solicitation under item (ii) of the preceding paragraph which has been fixed by the method listed in that item. In this case, the method of giving public notice and any other necessary matters shall be specified by a Cabinet Office Ordinance.

- (5) The matters listed in the items of paragraph (1) (in the case referred to in paragraph (2), the period for issue under paragraph (3) and the matters listed in the items of that paragraph; such matters shall be referred to as "Subscription Requirements" in paragraph (1), item (vi) of the following Article) shall be provided equally for each solicitation under paragraph (1).
- (6) In the case referred to in the preceding paragraph, the amount to be paid in for the Investment Equity for Subscription shall be fair in light of the contents of the assets held by the Investment Corporation.
- (7) When an Investment Corporation has issued an Investment Equity after its establishment, it shall incorporate the total amount to be paid in for the Investment Equity into its total amount of investment.

(Application, etc. for Investment Equity for Subscription)

Article 83 (1) An Investment Corporation shall notify a person who intends to apply to subscribe for an Investment Equity for Subscription of the following matters in response to solicitation made under paragraph (1) of the preceding Article:

- (i) The matters listed in Article 67, paragraph (1), item (i) through item (iv) and item (vi) through item (xiii);
 - (ii) The matters listed in Article 71, paragraph (1), item (iii), item (v), and item (ix);
 - (iii) The name and address of the Administrative Agent and the contents of the affairs to be entrusted thereto;
 - (iv) The name of the Asset Management Company and an outline of the entrustment contract for asset investments concluded with the Asset Management Company;
 - (v) The name of the Asset Custody Company;
 - (vi) The Subscription Requirements; and
 - (vii) In addition to what is listed in the preceding items, matters specified by a Cabinet Office Ordinance.
- (2) The details of the matters listed in item (iv) of the preceding paragraph shall be specified by a Cabinet Office Ordinance.
 - (3) Any person who applies to subscribe for an Investment Equity for Subscription in response to solicitation made under paragraph (1) of the preceding Article shall deliver documents to the Investment Corporation in which the following matters are stated:
 - (i) The name and address of the person filing the application; and
 - (ii) The number of units of Investment Equity for Subscription for which the applicant intends to subscribe.
 - (4) Any person who files an application under the preceding paragraph may, in lieu of delivering the documents as prescribed in that paragraph, provide the

matters to be stated in the documents set forth in that paragraph by Electromagnetic Means with the consent of the Investment Corporation, pursuant to the provisions of a Cabinet Order. In this case, the person who filed such application shall be deemed to have delivered the documents under that paragraph.

- (5) The provisions of paragraph (1) shall not apply to cases where an Investment Corporation has delivered a prospectus as prescribed in Article 2, paragraph (10) of the Financial Instruments and Exchange Act in which the matters listed in the items of paragraph (1) are stated, to the person who intends to file an application under paragraph (1), nor shall they apply to other cases specified by a Cabinet Office Ordinance as those in which it is unlikely that the protection of the person who intends to apply to subscribe for the Investment Equity for Subscription will be compromised.
- (6) When there are any changes in the matters listed in the items of paragraph (1), the Investment Corporation shall immediately notify the person who filed the application under paragraph (3) to that effect and of the changed matters (such person shall be referred to as the "Applicant" in the following paragraph).
- (7) It shall be sufficient if a notice or demand made to an Applicant by the Investment Corporation is sent to the address set forth in item (i) of paragraph (3) (in cases where the Applicant has notified the Investment Corporation of another place or contact address to receive a notice or demand, such place or contact address).
- (8) The notice or demand referred to in the preceding paragraph shall be deemed to have arrived at the time when such notice or demand should have normally arrived.
- (9) The provisions of Article 204, paragraph (1) and paragraph (3), Article 205, and Article 206 of the Companies Act shall apply mutatis mutandis to an Investment Equity for Subscription. In this case, the term "item (ii), paragraph (2) of the preceding Article" in Article 204, paragraph (1) of that Act shall be deemed to be replaced with "Article 83, paragraph (3), item (ii) of the Investment Corporations Act," the phrase "the date referred to in item (iv), paragraph (1) of Article 199 (or, in cases where a period is prescribed under that item, no later than the day immediately preceding the first day of that period)" in Article 204, paragraph (3) of the Companies Act shall be deemed to be replaced with "the date referred to in Article 82, paragraph (1), item (iii) of the Investment Corporations Act (or, in cases where a period is prescribed under that item, no later than the day immediately preceding the first day of that period, and in cases referred to in paragraph (2) of that Article, the date set forth in item (ii), paragraph (3) of that Article fixed by the method listed in that item)," the phrase "the preceding two Articles" in Article 205 of the Companies Act shall be deemed to be replaced with "the provisions of Article

83, paragraph (1) through paragraph (8) and paragraph (1) and paragraph (3) of the preceding Article as applied mutatis mutandis pursuant to Article 83, paragraph (9) of the Investment Corporations Act," and any other necessary technical replacement of terms shall be specified by a Cabinet Order.

(Application Mutatis Mutandis of the Companies Act)

Article 84 (1) The provisions of Article 208 (excluding paragraph (2)), Article 209, Article 211, and Article 212, paragraph (1) (excluding item (ii)) of the Companies Act shall apply mutatis mutandis to the Investment Equity for Subscription. In this case, the phrase "on the date or within the period provided for in Article 199(1)(iv)" in Article 208, paragraph (1) of that Act shall be deemed to be replaced with "on the date or within the period provided for in Article 82, paragraph (1), item (iii) of the Investment Corporations Act (or, in the case referred to in paragraph (2) of that Article, the date under item (ii), paragraph (3) of that Article fixed by the method set forth in that item)," the phrase "a date under Article 199(1)(iv)" in Article 209, item (i) of the Companies Act shall be deemed to be replaced with "a date under Article 82, paragraph (1), item (iii) of the Investment Corporations Act (in the case referred to in paragraph (2) of that Article, the date prescribed in Article 82, paragraph (3), item (ii) fixed by the method set forth in that item)," the term "Article 199(1)(iv)" in Article 209, item (ii) shall be deemed to be replaced with "Article 82, paragraph (1), item (iii) of the Investment Corporations Act" and any other necessary technical replacement of terms shall be specified by a Cabinet Order.

(2) The provisions of Article 828, paragraph (1) (limited to the part pertaining to item (ii)) and paragraph (2) (limited to the part pertaining to item (ii)), Article 834 (limited to the part pertaining to item (ii)), Article 835, paragraph (1), Article 836, paragraph (1) and paragraph (3), Article 837 through Article 840, Article 846, and Article 937, paragraph (1) (limited to the part pertaining to sub-item (b) of item (i)) of the Companies Act shall apply mutatis mutandis to an action seeking invalidation of the issue of Investment Equity after the establishment of an Investment Corporation, and the provisions of Article 868, paragraph (1), the main clause of Article 871, Article 872 (limited to the part pertaining to item (ii)), the main clause of Article 873, Article 875 through Article 877, and Article 878, paragraph (1) of that Act shall apply mutatis mutandis to the petition filed under Article 840, paragraph (2) of that Act as applied mutatis mutandis pursuant to this paragraph, respectively. In this case, any necessary technical replacement of terms shall be specified by a Cabinet Order.

(3) The provisions of Article 829 (limited to the part pertaining to item (i)), Article 834 (limited to the part pertaining to item (xiii)), Article 835, paragraph

(1), Article 836 through Article 838, Article 846, and Article 937, paragraph (1) (limited to the part pertaining to sub-item (e) of item (i)) of the Companies Act shall apply mutatis mutandis to an action for a declaratory judgment of absence of the Investment Equity issued after the establishment of an Investment Corporation. In this case, any necessary technical replacement of terms shall be specified by a Cabinet Order.

(4) The provisions of Part VII, Chapter II, Section 2 (excluding Article 847, paragraph (2), Article 849, paragraph (2), item (ii) and paragraph (5), and Article 851, paragraph (1), item (i) and paragraph (2)) of the Companies Act shall apply mutatis mutandis to an action seeking payment under Article 212, paragraph (1) (excluding item (ii)) of that Act as applied mutatis mutandis pursuant to paragraph (1). In this case, any necessary technical replacement of terms shall be specified by a Cabinet Order.

(Issue of Investment Securities, etc.)

Article 85 (1) An Investment Corporation shall, on or after the day it has issued Investment Equity, issue Investment Securities pertaining to said Investment Equity without delay.

(2) The Investment Securities shall have the following matters and their serial numbers stated thereon, and the corporate officers shall sign or affix their names and seals thereto:

(i) The trade name of the Investment Corporation; and

(ii) The number of units of Investment Equity pertaining to the respective Investment Securities.

(3) The provisions of Article 217 of the Companies Act shall apply mutatis mutandis to the Investment Securities of an Investment Corporation (excluding one who has provided in its certificate of incorporation as prescribed in the first sentence of paragraph (1) of the following Article), and the provisions of Article 291 of that Act shall apply mutatis mutandis pursuant to Investment Securities. In this case, any necessary technical replacement of terms shall be specified by a Cabinet Order.

(Non-Issue of Investment Securities)

Article 86 (1) Any Investment Corporation that has, in its certificate of incorporation, provided to the effect that the Investment Equity shall be refunded at the request of the Investor may, notwithstanding the provision of paragraph (1) of the preceding Article, provide in its certificate of incorporation to the effect that it shall not issue Investment Securities until requested to do so by the Investor. In this case, the Investment Corporation shall notify the person who intends to apply to subscribe for Investment Equity Solicited at Establishment or Investment Equity for Subscription to that effect in response

to solicitation carried out under Article 70-2, paragraph (1) or Article 82, paragraph (1).

- (2) In the case referred to in the first sentence of the preceding paragraph, an Investor who holds Investment Securities which have already been issued may submit said Investment Securities to the Investment Corporation and report to the effect that he/she does not wish to hold such Investment Securities. In this case, the Investment Securities submitted to the Investment Corporation shall be invalid.
- (3) An Investment Corporation who has provided for as prescribed in the first sentence of paragraph (1), shall have stated or recorded in the Investors' registry to the effect that it has issued Investment Securities at the request of the Investors or if it has received a report under the first sentence of the preceding paragraph, to the effect that the Investment Securities have been returned, respectively, without delay.
- (4) When the Investment Corporation referred to in the preceding paragraph has decided not to refund the Investment Equity by changing its certificate of incorporation, it shall change its certificate of incorporation and repeal that paragraph as well as issuing un-issued Investment Securities without delay.

(Public Notice, etc. in Relation to the Submission of Investment Securities)

Article 87 (1) In cases where an Investment Corporation carries out any of the following acts, it shall give public notice and a separate notice to all of the Investors and to the Registered Pledgee of Investment Equity that all of the Investment Securities pertaining to Investment Equity shall be submitted to said Investment Corporation by the day on which the relevant act becomes effective, no later than one month prior to said day; provided, however, that this shall not apply to cases where the Investment Corporation has not issued Investment Securities for any of its Investment Equity:

- (i) The consolidation of Investment Equity; or
- (ii) A merger (limited to cases where the Investment Corporation is extinguished as a result of the merger).

- (2) The provisions of Article 219, paragraph (2) and paragraph (3) and Article 220 of the Companies Act shall apply mutatis mutandis to Investment Securities. In this case, the phrases "any item of the preceding paragraph" in Article 219, paragraph (2) of that Act, "each item of paragraph (1)" in Article 219, paragraph (3) of that Act and "each item of paragraph (1) of the preceding Article" in Article 220, paragraph (1) of that Act shall be deemed to be replaced with "the items of Article 87, paragraph (1) of the Investment Corporations Act," and any other necessary technical replacement of terms shall be specified by a Cabinet Order.

(Processing of Any Fraction of Less Than One)

Article 88 (1) When an Investment Corporation produces any fraction which is less than one unit of Investment Equity in the number of units of Investment Equity by splitting or consolidating Investment Equity, the Investment Corporation shall sell the number of units of Investment Equity equivalent to the total sum of those fractions by the method specified by a Cabinet Office Ordinance as appropriate for realizing the sale of Investment Equity at a fair price, and shall deliver the proceeds of that sale to the Investors in proportion to the fractions attributed thereto.

(2) Notwithstanding the provisions of the preceding paragraph, an Investment Corporation as prescribed in Article 86, paragraph (1) may, with regard to a fraction of less than one unit of Investment Equity produced upon a split or consolidation of the Investment Equity, refund it in a fair amount in light of the amount of net assets of said Investment Corporation.

(3) In the case referred to in the preceding paragraph, the amount equivalent to the refunded Investment Equity shall be deducted from the total amount of investment and investment surplus as provided for in Article 135 (hereinafter collectively referred to as the "Total Amount of Investment, etc.").

Section 4 Administrative Instruments

Subsection 1 Investors' meetings

(Authority of Investors' Meetings)

Article 89 (1) Resolutions at Investors' meetings may only be adopted on the matters provided in this Act and those specified in the certificate of incorporation.

(2) With regard to the matters which require resolution at an Investors' meeting pursuant to the provisions of this Act, the provisions of the certificate of incorporation which provide to the effect that a corporate officer(s), board of officers, or any administrative instruments other than an Investors' meeting may make decisions shall not be effective.

(Calling)

Article 90 (1) An Investors' meeting shall be called by a corporate officer unless otherwise provided for in this Act.

(2) Supervisory officers may request a corporate officer to call an Investors' meeting by presenting the subject matter of the Investors' meeting and the reasons to call it.

(3) The provisions of Article 297, paragraph (1) and paragraph (4) of the Companies Act shall apply mutatis mutandis to the calling of an Investors' meeting. In this case, the phrase "not less than three-hundredths (3/100) (or, in

cases where a lesser proportion is prescribed in the articles of incorporation, such proportion) of the votes of all shareholders" in Article 297, paragraph (1) of that Act shall be deemed to be replaced with "not less than three-hundredths (3/100) (or, in cases where a smaller proportion is prescribed in the certificate of incorporation, such proportion) of the units of Issued Investment Equity," the term "the court" in paragraph (4) of that Article shall be deemed to be replaced with "the Prime Minister," and any other necessary technical replacement of terms shall be specified by a Cabinet Order.

(Determination to Call an Investors' Meeting)

Article 90-2 (1) The corporate officer(s) (or, in cases where Investors call an Investors' meeting under Article 297, paragraph (4) of the Companies Act as applied mutatis mutandis pursuant to paragraph (3) of the preceding Article, said Investors, and in cases where supervisory officers jointly call an Investors' meeting pursuant to the main clause of Article 114, paragraph (3), said supervisory officers; the same shall apply in the following Article) shall provide the following matters in calling an Investors' meeting:

- (i) The time and place of the Investors' meeting;
 - (ii) The subject matters of the Investors' meeting;
 - (iii) When it has been arranged that Investors who do not attend the Investors' meeting may exercise their voting rights by Electromagnetic Means, to that effect; and
 - (iv) In addition to what is listed in the preceding three items, matters specified by a Cabinet Office Ordinance.
- (2) Investors who do not attend the Investors' meeting may exercise their voting rights in writing.

(Procedures for Calling Investors' Meetings)

Article 91 (1) In order to call an Investors' meeting, a corporate officer(s) shall give public notice of the date of the Investors' meeting no later than two months prior to that date, and shall send notice thereof in writing to the Investors more than two weeks prior to that date.

- (2) A corporate officer may, in lieu of sending the written notice as prescribed in the preceding paragraph, send such notice by Electromagnetic Means with the consent of the Investors, as provided by a Cabinet Order. In this case, the corporate officers shall be deemed to have sent the written notice as prescribed in that paragraph.
- (3) The matters listed in the items of paragraph (1) of the preceding Article shall be stated or recorded in the notice referred to in the preceding two paragraphs.
- (4) A corporate officer(s) shall, in sending the notice under paragraph (1), deliver documents stating the matters which will be helpful for Investors in exercising

their voting rights (such documents shall be referred to as "Reference Documents for an Investors' Meeting" in the following paragraph) and documents necessary in order for the Investors to exercise their voting rights (hereinafter such documents shall be referred to as "Voting Forms" in this Subsection) to the Investors, pursuant to the provisions of a Cabinet Office Ordinance.

- (5) When a corporate officer(s) sends notices by Electromagnetic Means as provided in paragraph (2) to the Investors who have given their consent under that paragraph, he/she may, in lieu of delivering the Reference Documents for an Investors' Meeting and Voting Forms as prescribed in the preceding paragraph, provide the matters to be stated in such documents by Electromagnetic Means; provided, however, that the corporate officer(s) shall deliver those documents to the Investors whenever requested to do so.
- (6) When a corporate officer has provided the matters listed in item (iii) of paragraph (1) of the preceding Article, he/she shall, in sending notice by Electromagnetic Means as prescribed in paragraph (2) to the Investors who have given their consent as provided in that paragraph, provide the matters to be stated in the Voting Forms to the Investors by Electromagnetic Means, pursuant to the provisions of a Cabinet Office Ordinance.
- (7) In the case provided in the preceding paragraph, when Investors who have not given their consent under paragraph (2) request that the matters to be stated in the Voting Form be provided to them by Electromagnetic Means no later than one week prior to the day of the Investors' meeting, a corporate officer(s) shall immediately provide those matters by Electromagnetic Means to the respective Investors, pursuant to the provisions of a Cabinet Office Ordinance.

(Voting in Writing)

- Article 92 (1) The exercise of voting rights in writing shall be effected by stating the necessary matters in the Voting Form and submitting the Voting Form to an Investment Corporation by the time specified by a Cabinet Office Ordinance.
- (2) The number of voting rights exercised in writing as prescribed in the preceding paragraph shall be included in the number of voting rights of the Investors who attended the Investors' meeting.
 - (3) An Investment Corporation shall keep Voting Forms submitted under paragraph (1) at its head office for three months from the day of the Investors' meeting.
 - (4) An Investor may request to inspect or copy Voting Forms submitted under paragraph (1) at any time during the business hours of the Investment Corporation.

(Voting by Electromagnetic Means)

- Article 92-2 (1) The exercise of voting rights by Electromagnetic Means shall, pursuant to the provisions of a Cabinet Order, be effected by obtaining the consent of the Investment Corporation and by providing the matters to be stated in the Voting Form to the respective Investment Corporation by Electromagnetic Means by the time specified by a Cabinet Office Ordinance.
- (2) In cases where the Investor is the person who has given his/her consent under Article 91, paragraph (2), an Investment Corporation shall not refuse to give the consent under the preceding paragraph without justifiable grounds.
- (3) The number of voting rights exercised in the form of Electromagnetic Means as prescribed in paragraph (1) shall be included in the number of voting rights of the Investors who attended the Investors' meeting.
- (4) An Investment Corporation shall keep Electromagnetic Records wherein the matters which have been provided under paragraph (1) are recorded, at its head office for three months from the day of the Investors' meeting.
- (5) Any Investor may request to inspect or copy the matters recorded in Electromagnetic Records as prescribed in the preceding paragraph which have been indicated by the means specified by a Cabinet Office Ordinance at any time during the business hours of the Investment Corporation.

(Deemed Agreement)

- Article 93 (1) An Investment Corporation may provide in its certificate of incorporation to the effect that in cases where the Investors do not attend the Investors' meeting and do not exercise their voting rights, said Investors shall be deemed to have agreed to the proposal submitted to the respective Investors' meeting (in cases where more than one proposal has been submitted including conflicting proposals, said conflicting proposals shall all be excluded).
- (2) An Investment Corporation which has provided as prescribed in the preceding paragraph shall state or record such provisions in the notice set forth in Article 91, paragraph (1) or paragraph (2).
- (3) The number of voting rights held by the Investors deemed to have agreed to the proposal under the provisions of paragraph (1) shall be included in the number of voting rights of Investors who attended the Investors' meeting.

(Resolution at Investors' Meetings)

- Article 93-2 (1) A resolution made at Investors' meetings shall, unless otherwise provided for in the certificate of incorporation, be effected by a majority of the votes of the Investors present at that meeting, where the Investors who hold a majority of the Issued Investment Equity are present.
- (2) Notwithstanding the provisions of the preceding paragraph, resolutions at the Investors' meetings listed in the following items shall be effected by a majority

of two-thirds or more of the votes (in cases where a higher proportion is provided for in the certificate of incorporation, such proportion) of the Investors present at the meeting, where the Investors holding the majority of Issued Investment Equity are present. In this case, it is not precluded that the certificate of incorporation should be provided, in addition to such requirements for resolution, to the effect that the agreement of a certain number or more of the Investors is required or any other requirements:

- (i) An Investors' meeting as provided in Article 180, paragraph (2) of the Companies Act as applied mutatis mutandis by replacing certain terms pursuant to Article 81-2, paragraph (2);
 - (ii) An Investors' meeting as provided in Article 115-6, paragraph (3);
 - (iii) An Investors' meeting as provided in Article 140;
 - (iv) An Investors' meeting as provided in Article 143, item (iii); and
 - (v) An Investors' meeting as provided in Article 149-2, paragraph (1), Article 149-7, paragraph (1), and Article 149-12, paragraph (1).
- (3) There shall be no resolution adopted at an Investors' meeting on matters other than those listed in Article 90-2, paragraph (1), item (ii); provided, however, that this shall not apply to the appointment of persons prescribed in Article 316, paragraph (1) or paragraph (2) of the Companies Act as applied mutatis mutandis pursuant to paragraph (1) of the following Article or to the request for attendance of the accounting auditor prescribed in Article 115-4.

(Application Mutatis Mutandis of the Companies Act)

Article 94 (1) The provisions of the main clause of Article 300, Article 303, paragraph (2), Article 304, the main clause of Article 305, paragraph (1), Article 305, paragraph (4), Article 306 (excluding paragraph (2) and paragraph (4)), Article 307, Article 308 (excluding the proviso to paragraph (1)), Article 310, and Article 313 through Article 318 (excluding paragraph (3)) inclusive of the Companies Act shall apply mutatis mutandis to an Investors' meeting. In this case, the term "the preceding Article" in the main clause of Article 300 of that Act shall be deemed to be replaced with "Article 91, paragraph (1) through paragraph (3) of the Investment Corporations Act," the phrase "Notwithstanding the provisions of the preceding paragraph, at a Company with a Board of Directors" in Article 303, paragraph (2) of the Companies Act shall be deleted, the phrase "the votes of all shareholders" in that paragraph shall be deemed to be replaced with "Issued Investment Equity," the phrase "or not less than three hundred (or, in cases where lesser number is prescribed in the articles of incorporation, such number of) votes of all shareholder" in that paragraph shall be deleted, the phrase "only shareholders" in that paragraph shall be deemed to be replaced with "the Investors," the term "Shareholders" in the main clause of Article 305, paragraph (1) of that Act shall be deemed to be

replaced with "Investors who continually held not less than one-hundredth (in cases where a lower proportion is provided for in the certificate of incorporation, such proportion) of the units of Issued Investment Equity for the preceding six months or more (in cases where a shorter period is provided for in the certificate of incorporation, such period)," the phrase "shareholders be notified of" in that paragraph shall be deleted, the phrase "(or, in cases where a notice pursuant to paragraph (2) or paragraph (3) of Article 299 is to be given, such summary be specified or recorded in that notice)" in that paragraph shall be deemed to be replaced with "shall be stated or recorded in the notice under Article 91, paragraph (1) or paragraph (2) of the Investment Corporations Act," the phrases "who hold" and "the votes of all shareholders (excluding shareholders who may not exercise their votes on all matters which may be resolved in the shareholders meeting)" in Article 306, paragraph (1) of the Companies Act shall be deemed to be replaced with "who continually held" and "the Issued Investment Equity for the preceding six months or more (in cases where a shorter period is provided for in the certificate of incorporation, such period)" respectively, the term "the court" in Article 306, paragraph (1), paragraph (3), paragraph (5), and paragraph (6), Article 307, paragraph (1) and paragraph (2), and Article 318, paragraph (5) of the Companies Act shall be deemed to be replaced with "the Prime Minister," the term "Article 299(3)" in Article 310, paragraph (4) of the Companies Act shall be deemed to be replaced with "Article 91, paragraph (2) of the Investment Corporations Act," the term "Article 297" in Article 316, paragraph (2) of the Companies Act shall be deemed to be replaced with "Article 297, paragraph (1) and paragraph (4) as applied mutatis mutandis pursuant to Article 90, paragraph (3) of the Investment Corporations Act," the phrase "Article 298 and Article 299" in Article 317 of the Companies Act shall be deemed to be replaced with "Article 90-2, paragraph (1) and Article 91, paragraph (1) through paragraph (3) of the Investment Corporations Act," and any other necessary technical replacement of terms shall be specified by a Cabinet Office Ordinance.

- (2) The provisions of Article 830, Article 831, Article 834 (limited to the part pertaining to item (xvi) and item (xvii)), Article 835, paragraph (1), Article 836, paragraph (1) and paragraph (3), Article 837, Article 838, Article 846, and Article 937, paragraph (1) (limited to the part pertaining to sub-item (g) of item (i)) of the Companies Act shall apply mutatis mutandis to an action for a declaratory judgment of absence or invalidation of a resolution adopted at an Investors' meeting or an action seeking the recession of such resolution. In this case any necessary technical replacement of terms shall be specified by a Cabinet Order.

Subsection 2 Establishment of Administrative Instruments Other Than

Investors' Meetings

Article 95 An Investment Corporation shall have the following administrative instruments:

- (i) One or more corporate officers;
- (ii) Supervisory officers of at least one more than the number of corporate officers;
- (iii) A board of officers; and
- (iv) An accounting auditor(s).

Subsection 3 Appointment and Dismissal of Officers and Accounting Auditor(s)

(Appointment)

Article 96 (1) Officers (meaning a corporate officer(s) and supervisory officers; hereinafter the same shall apply in this Subsection (excluding Article 100, item (iii) and item (v)) and accounting auditors shall be appointed by resolution at an Investors' meeting.

(2) The provisions of Article 329, paragraph (2) of the Companies Act shall apply mutatis mutandis to a resolution as prescribed in the preceding paragraph. In this case, the term "this Act" in Article 329, paragraph (2) of that Act shall be deemed to be replaced with the "Investment Corporations Act".

(Relationship between an Investment Corporation and Its Officers, etc.)

Article 97 The relationship between an Investment Corporation and its Officers and accounting auditor(s) shall be governed by the provisions related to the delegation of such persons.

(Qualification of Corporate Officer(s))

Article 98 The following persons may not act as a corporate officer:

- (i) A juridical person;
- (ii) A person who is an adult ward or a person under curatorship, or a person who is treated in the same manner under the laws and regulations of a foreign state;
- (iii) A person who has been issued a ruling for the commencement of bankruptcy proceedings and who has not obtained his/her restoration of rights, or a person who is treated in the same manner under the laws and regulations of a foreign state;
- (iv) A person who has been sentenced to imprisonment without work or severer punishment (including a punishment under the laws and regulations of a foreign state equivalent thereto), and for whom five years have yet to elapse

since the day on which the execution of sentence was complete or since the sentence has become no longer applicable; and

- (v) A person who has been sentenced to pay a fine (including a punishment under the laws and regulations of a foreign state equivalent thereto) for having violated the provisions of this Act, the Trust Act, the Trust Business Act, the Act on Concurrent Operation of Trust Business by a Financial Institution, the Financial Instruments and Exchange Act, the Commodity Exchange Act (Act No. 239 of 1950), the Building Lots and Buildings Transaction Business Act, the Act Regulating the Receipt of Contributions, Receipt of Deposits, and Interest Rates, etc. (Act No. 195 of 1954), the Installment Sales Act (Act No. 159 of 1961), the Act on Assumption of Entrustment, etc. of Futures Trading in the Foreign Commodities Market (Act No.65 of 1982), the Money Lending Business Act (Act No. 32 of 1983), the Act on Deposit, etc. Transaction Agreements of Specified Commodities, etc. (Act No. 62 of 1986), the Act on Regulation of Business Pertaining to Commodity Investment (Act No. 66 of 1991), the Real Estate Specified Joint Enterprise Act (Act No. 77 of 1994), the Act on Securitization of Assets (Act No. 105 of 1998), the Act on Issuance, etc. of Bonds for Financial Corporations' Loan Business (Act No. 32 of 1999), the Companies Act, or the Act on General Incorporated Associations and General Incorporated Foundations (Act No. 48 of 2006), for having violated the provisions of the laws and regulations of a foreign state equivalent to those Acts, or for having committed a crime prescribed in Article 255, Article 256, Article 258 through Article 260, and Article 262 of the Civil Rehabilitation Act (Act No. 225 of 1999), Article 65, Article 66, Article 68, and Article 69 of the Act on Recognition and Assistance for Foreign Insolvency Procedures (Act No. 129 of 2000), Article 265, Article 266, Article 268 through Article 272, and Article 274 of the Bankruptcy Act (Act No. 75 of 2004), Article 204, Article 206, Article 208, Article 208-3, Article 222, and Article 247 of the Penal Code (Act No. 45 of 1907), the Act on the Punishment of Violent Acts (Act No. 60 of 1926), Article 46, Article 47, Article 49, and Article 50 of the Act on Prevention of Illegal Acts by Organized Crime Group Members (Act No. 77 of 1991), and for whom five years have yet to elapse since the day on which the execution of sentence was complete or since the sentence has become no longer applicable.

(Term of Office of Corporate Officer(s))

Article 99 The term of office of a corporate officer may not exceed two years.

(Qualifications of Supervisory Officers)

Article 100 The following persons may not act as supervisory officers:

- (i) Persons as listed in the items of Article 98;
- (ii) The organizer(s) of an Investment Corporation;
- (iii) A person who is an Officer or employee of a juridical person or its Subsidiary Company (meaning a Stock Company where said juridical person holds the majority of the voting rights of all of its shareholders (excluding the voting rights of the shares which cannot be exercised for all the matters that are subject to resolution at shareholders meetings, and including voting rights of shares for which the shareholders shall be deemed to have voting rights under the provisions of Article 897, paragraph (3) of the Companies Act); the same shall apply in item (v) and Article 200, item (i)) who is the organizer of an Investment Corporation or a person who has held one or more of such positions;
- (iv) A corporate officer(s) of an Investment Corporation;
- (v) A person who is an Officer or employee of a Financial Instruments Business Operator, etc. (meaning a Financial Instruments Business Operator, etc. set forth in Article 34 of the Financial Instruments and Exchange Act) or a Financial Instruments Intermediary Service Provider (meaning a Financial Instruments Intermediary Service Provider as provided in Article 2(1) of that Act; hereinafter the same shall apply in this item) or the Subsidiary Company thereof, or a Financial Instruments Intermediary Service Provider who is an individual, who has been entrusted to solicit persons to subscribe for the Investment Equity issued by an Investment Corporation or a person who has held one or more of such positions; and
- (vi) Any other person specified by a Cabinet Office Ordinance as being likely to hinder the performance of the duties of a supervisory officer due to his/her relationship with the organizer(s) or corporate officer(s) of an Investment Corporation as an interested party or for any other circumstances.

(Term of Office of Supervisory Officers)

- Article 101 (1) The term of office of a supervisory officer shall be four years; provided, however, that this shall not preclude the shortening of his/her term of office by a certificate of incorporation or by resolution at an Investors' meeting.
- (2) The provisions of Article 336, paragraph (3) of the Companies Act shall apply mutatis mutandis to the term of office of a supervisory officer as prescribed in the preceding paragraph.

(Qualifications, etc. of Accounting Auditors)

- Article 102 (1) Accounting auditors shall be certified public accountants (including foreign certified public accountants as prescribed in Article 16-2, paragraph (5) of the Certified Public Accountants Act (Act No. 103 of 1948); the

same shall apply hereinafter) or auditing firms.

- (2) An auditing firm appointed as the accounting auditor shall select a person to perform the duties of the accounting auditor from among its members and shall notify the Investment Corporation to that effect. In this case, the persons listed in item (ii) or item (iii) of the following paragraph shall not be selected.
- (3) The following persons may not act as accounting auditors:
 - (i) Any person who does not have the right to audit the documents listed in the items of Article 115-2, paragraph (1) pursuant to the provisions of the Certified Public Accountants Act;
 - (ii) Any person who continuously receives remuneration from a Subsidiary Corporation of an Investment Corporation or from one of its corporate officer(s) or supervisory officers for operations other than those of a certified public accountant or an auditing firm, or any person who is the spouse of such a person;
 - (iii) Any person who continuously receives remuneration from an Administrative Agent, Asset Management Company, or Asset Custody Company of an Investment Corporation, or from the directors, accounting advisor, auditor, or executive officer thereof for operations other than those of a certified public accountant or an auditing firm, or any person who is the spouse of such person; and
 - (iv) An auditing firm of which more than half of its members fall under the persons listed in the preceding two items.

(Term of Office of Accounting Auditors)

- Article 103 (1) The term of office of an accounting auditor shall continue until the conclusion of the first Investors' meeting held following the first accounting period after one year has elapsed since he/she assumed office.
- (2) When it is not resolved otherwise at the Investors' meeting prescribed in the preceding paragraph, the accounting auditor shall be deemed to have been reappointed at said Investors' meeting.
 - (3) The provisions of the preceding two paragraphs shall not apply to the accounting auditor of an Investment Corporation in Liquidation (meaning an Investment Corporation in Liquidation as prescribed in Article 150-3; the same shall apply in Article 115-2, paragraph (1), item (ii)).

(Dismissal)

- Article 104 (1) Any Officer or accounting auditor may be dismissed at any time by resolution at an Investors' meeting.
- (2) Any person who has been dismissed under the preceding paragraph may, except in the case where there are justifiable grounds for such dismissal, demand compensation for damages arising from his/her dismissal from the

Investment Corporation.

- (3) The provisions of Article 854, paragraph (1) (limited to the part pertaining to item (ii)), Article 855, Article 856, and Article 937, paragraph (1) (limited to the part pertaining to item (i), sub-item (j)) of the Companies Act shall apply mutatis mutandis to an action seeking the dismissal of Officers. In this case, any necessary technical replacement of terms shall be specified by a Cabinet Order.

(Dismissal of an Accounting Auditor by the Board of Officers, etc.)

Article 105 (1) When an accounting auditor falls under any of the following items, the board of officers or board of liquidators may dismiss that accounting auditor:

- (i) When an accounting auditor has committed a breach of obligation in the course of his/her duties or has neglected his/her duties;
 - (ii) When an accounting auditor has engaged in conduct unbecoming an accounting auditor; or
 - (iii) When an accounting auditor has difficulty or is unable to cope with the execution of his/her duties due to a mental or physical disorder.
- (2) The dismissal prescribed in the preceding paragraph shall be effected with the unanimous consent of all members of the board of officers or board of liquidators.
- (3) When an accounting auditor is dismissed under paragraph (1), the supervisory officer selected by the board of officers or a liquidation supervisor selected by the board of liquidators shall report to that effect and the reasons for the dismissal at the first Investors' meeting called after such dismissal.

(Resolutions at Investors' Meetings for Dismissal of Officers)

Article 106 Notwithstanding the provisions of Article 93-2, paragraph (1), a resolution made at an Investors' meeting to dismiss an Officer shall be effected by a majority of the votes (in cases where a higher proportion is provided for in the certificate of incorporation, the majority of such a proportion or more) of the Investors present at that meeting, where Investors who hold the majority of the Issued Investment Equity are present.

(Statement of Opinions on the Appointment, etc. of Accounting Auditor(s))

Article 107 (1) An accounting auditor may, with regard to his/her appointment, dismissal, refusal of reappointment, or resignation, attend Investors' meetings and state his/her opinion.

- (2) Any person who has resigned as an accounting auditor or who has been dismissed as an accounting auditor under Article 105, paragraph (1) may attend the first Investors' meeting called after his/her resignation or dismissal

and state to the effect that he/she has resigned and the reason therefor or state his/her opinion on the dismissal.

- (3) A corporate officer(s) or an executive liquidator(s) shall notify the persons as provided in the preceding paragraph to the effect that an Investors' meeting referred to in that paragraph shall be called and of the matters listed in Article 90-2, paragraph (1), item (i).

(Measures When a Vacancy Arises in the Position of an Officer, etc.)

Article 108 (1) When there is any vacancy in the position of an Officer, or a shortfall in the number of Officers as provided in this Act or in the certificate of incorporation, an officer who has retired from office due to the expiration of his/her term of office or his/her resignation shall continue to have the rights and obligations of an officer until a new appointed Officer (including persons to perform the duties of an Officer temporarily as provided in the following paragraph) assumes his/her position.

- (2) In the case referred to in the preceding paragraph, the Prime Minister may, when he/she finds it necessary, appoint a person to perform the duties of an Officer temporarily in response to the petition filed by an interested person(s).

- (3) When there is any vacancy in the position of an accounting auditor or a shortfall in the number of accounting auditors as provided in the certificate of incorporation, and a new accounting auditor has not been appointed without delay, the board of officers or board of liquidators shall appoint a person to perform the duties of an accounting auditor temporarily.

- (4) The provisions of Article 102 and Article 105 shall apply mutatis mutandis to a person who is to perform the duties of an accounting auditor temporarily as prescribed in the preceding paragraph.

Subsection 4 Corporate Officer(s)

(Duties)

Article 109 (1) A corporate officer shall execute the business of an Investment Corporation and represent the Investment Corporation.

- (2) Except in cases where it is provided otherwise in this Act, when a corporate officer(s) intends to perform the following matters or execute any other important duties, he/she shall obtain approval from the board of officers:
 - (i) Calling of an Investors' meeting under Article 90;
 - (ii) Entrustment of the affairs under Article 117;
 - (iii) Entrustment of the administration of the Investment Corporation Bonds under Article 139-8;
 - (iv) Suspension of a refund of Investment Equity under Article 146, paragraph (1);

- (v) Conclusion of a merger agreement;
 - (vi) Conclusion of an entrustment contract for asset investments or custody of assets or a change to the contents of such contract;
 - (vii) Payment of an asset investment fee, fees for the custody of assets, and other costs for asset investments or custody of assets; and
 - (viii) Consent as prescribed in Article 205, paragraph (1).
- (3) A corporate officer shall report the status of the execution of his/her duties to the board of officers at least once every three months.
- (4) When the amount of the remuneration for a corporate officer is not provided for in the certificate of incorporation, the board of officers shall decide the amount according to the criteria prescribed in Article 67, paragraph (1), item (xii).
- (5) The provisions of Article 349, paragraph (4) and paragraph (5), Article 355, and Article 360, paragraph (1) of the Companies Act shall apply mutatis mutandis to corporate officers, Article 350 of that Act shall apply mutatis mutandis to Investment Corporations, and the provisions of Article 352, Article 868, paragraph (1), Article 869, Article 871, Article 874 (limited to the part pertaining to item (iv)), Article 875, and Article 876 of that Act shall apply mutatis mutandis to the person who performs his/her duties on behalf of a corporate officer. In this case, the phrase "substantial detriment" in Article 360, paragraph (1) of that Act shall be deemed to be replaced with "irreparable detriment," and any other necessary technical replacement of terms shall be specified by a Cabinet Order.

(Appointment of an Inspector of Business Execution)

- Article 110 (1) When there are sufficient grounds for suspecting that there has been misconduct or that there is a material fact in violation of laws and regulations or of the certificate of incorporation with regard to the execution of an Investment Corporation's business, an Investor who holds more than three-hundredths (in cases where a lower proportion is provided for in the certificate of incorporation, such proportion) of the units of Issued Investment Equity may file a petition with the Prime Minister to appoint an inspector for the investigation of the status of the business and property of the relevant Investment Corporation.
- (2) The provisions of Article 358, paragraph (2) and paragraph (4) through paragraph (7) and Article 359 of the Companies Act shall apply mutatis mutandis to inspectors in cases where the petition under the preceding paragraph has been filed and to cases where a report has been made thereby. In this case, the term "the court" in Article 358, paragraph (2), paragraph (5) and paragraph (6) Article 359, paragraph (1) and paragraph (2) of that Act shall be deemed to be replaced with "the Prime Minister" and any other

necessary technical replacement of terms shall be specified by a Cabinet Order.

Subsection 5 Supervisory Officers

Article 111 (1) Supervisory officers shall supervise the execution of duties by corporate officers.

(2) Supervisory officers may, at any time, request a corporate officer(s), Administrative Agent, Asset Management Company, or Asset Custody Company to report the status of the business and property of the Investment Corporation or to make the necessary investigations.

(3) Article 109, paragraph (4) of this Act and the provisions of Article 355, Article 381, paragraph (3) and paragraph (4), and Article 384 through Article 386 of the Companies Act shall apply mutatis mutandis to supervisory officers. In this case, any necessary technical replacement of terms shall be specified by a Cabinet Order.

Subsection 6 Board of Officers

(Board of Officers)

Article 112 The board of officers shall be composed of all the corporate officers and supervisory officers.

(Calling Meetings of Board of Officers)

Article 113 (1) A meeting of the board of officers shall be called by one corporate officer in the case where he/she is the only corporate officer, or by each of the corporate officers in cases where there are two or more corporate officers; provided, however, that, in cases where there are two or more corporate officers and the certificate of incorporation or the board of officers has specified a corporate officer to call the meeting of the board of officers, the relevant corporate officer shall call the meeting.

(2) In the case referred to in the proviso to the preceding paragraph, a corporate officer other than the corporate officer prescribed in the proviso to that paragraph (hereinafter the latter corporate officer shall be referred to as the "Convenor" in this paragraph and the following paragraph) may request the Convenor to call a meeting of board of officers by presenting him/her with a matter related to the purpose of the board of officers.

(3) When the supervisory officers find it necessary for the performance of their duties, they may request a corporate officer (in the case referred to in the proviso to paragraph (1), the Convenor) to call a meeting of the board of officers by presenting him/her with a matter related to the purpose of the board of officers.

(4) In cases where, within five days from the day that a request was made under the preceding two paragraphs, no notice was issued calling a board of officers meeting for a day within two weeks from the day on which the request was made, the corporate officer(s) or supervisory officer(s) who made such request may call the board of officers meeting.

(Authority, etc. of the Board of Officers)

Article 114 (1) A board of officers shall, in addition to the authority prescribed in this Act and the certificate of incorporation, supervise the execution of duties by corporate officers.

(2) When a corporate officer falls under any of the following items, the board of officers may dismiss such corporate officer:

(i) When a corporate officer has committed a breach of obligation in the course of his/her duties or has neglected his/her duties;

(ii) When a corporate officer has engaged in conduct unbecoming a corporate officer; or

(iii) When a corporate officer has difficulty or is unable to cope with the execution of his/her duties due to a mental or physical disorder.

(3) When there is a vacancy in the position of a corporate officer due to the dismissal of a corporate officer under the preceding paragraph or for any other reason (excluding retirement or expiration of the corporate officer's term of office and resignation), the supervisory officers shall immediately and jointly call an Investors' meeting for the appointment of a new corporate officer(s); provided, however, that this shall not apply to cases where a substitute corporate officer(s) is appointed pursuant to Article 329, paragraph (2) of the Companies Act as applied mutatis mutandis pursuant to Article 96, paragraph (2).

(4) In the case referred to in the main clause of the preceding paragraph, the supervisory officers shall, with the consent of all the supervisory officers, prepare a proposal for the appointment of a new corporate officer(s) and submit said proposal at the Investors' meeting prescribed in the main clause of that paragraph.

(5) When a corporate officer is dismissed under paragraph (2), the supervisory officer who has been selected by the majority of the supervisory officers shall report to that effect and the reasons for the dismissal at the first Investors' meeting called after such dismissal.

(6) Any person who has been dismissed as a corporate officer under paragraph (2) may attend the Investors' meeting under the preceding paragraph and state his/her opinion on his/her dismissal.

(7) Any person who calls an Investors' meeting as set forth in the preceding paragraph shall notify the person prescribed in Article 90-2, paragraph (1) to

the effect that the Investors' meeting is being called and of the matters listed in Article 90-2, paragraph (1), item (i).

(Application Mutatis Mutandis, etc. of the Companies Act)

Article 115 (1) The provisions of Article 368 and Article 369 of the Companies Act shall apply mutatis mutandis to a board of officers and Article 371 (excluding paragraph (3)) of that Act shall apply mutatis mutandis to an Investment Corporation. In this case, the phrase "of the directors" in Article 369, paragraph (1) of that Act shall be deemed to be replaced with "of the members," the terms "Directors" in paragraph (2) of that Article and "the directors and company auditors" in paragraph (3) of that Article shall be deemed to be replaced with "the corporate officer(s) and supervisory officers," the term "Directors" in paragraph (5) of that Article shall be deemed to be replaced with "Corporate officer(s) and supervisory officers," the phrase "at any time during the business hours of a Stock Company" in Article 371, paragraph (2) of that Act shall be deemed to be replaced with "by obtaining the permission of the Prime Minister," the term "the court" in paragraph (4) and paragraph (6) of that Article shall be deemed to be replaced with "the Prime Minister," and any other necessary technical replacement of terms shall be specified by a Cabinet Order.

(2) In cases where the Prime Minister renders a ruling with regard to a petition filed for permission under Article 371, paragraph (2) and paragraph (4) of the Companies Act (including the cases where it is applied mutatis mutandis to paragraph (5) of that Article) as applied mutatis mutandis by replacing certain terms pursuant to the preceding paragraph, he/she shall hear statements from the Investment Corporation related to said petition.

Subsection 7 Accounting Auditor

(Authority, etc. of Accounting Auditors)

Article 115-2 (1) An accounting auditor shall, pursuant to the provisions of Section 7 and Section 12, audit the following documents. In this case, the accounting auditor shall prepare accounting audit reports, pursuant to the provisions of a Cabinet Office Ordinance:

- (i) Financial Statements (meaning financial statements as prescribed in Article 129, paragraph (2); the same shall apply in Article 115-7, paragraph (2), item (i), sub-item (b)), asset investment reports and statements related to the distribution of monies pertaining to an Investment Corporation as well as the annexed detailed statements thereof; and
- (ii) An Inventory of Property, etc. (meaning the Inventory of Property, etc. prescribed in Article 155, paragraph (1)) and the statement of accounts of an

Investment Corporation in Liquidation

- (2) When an accounting auditor(s) finds it necessary to perform his/her duties, he/she may request the Administrative Agent, Asset Management Company and Asset Custody Company to make a report concerning the accounting of an Investment Corporation.
- (3) An accounting auditor shall not have persons falling under any of the following items involved in the course of his/her duties:
 - (i) Any of the persons listed in Article 102, paragraph (3), item (i) through item (iii) inclusive;
 - (ii) Any person who is in the position of corporate officer, supervisory officer, executive liquidator, or liquidation supervisor, or who is the Administrative Agent of an Investment Corporation or its Subsidiary Corporation;
 - (iii) Any person who is a director, accounting advisor (in cases where the accounting advisor is an auditing firm or tax accounting firm, the member who is to perform the accounting advisor's duties), auditor, executive officer, other officer, or employee of an Administrative Agent, Asset Management Company, or Asset Custody Company of an Investment Corporation or its Subsidiary Corporation; or
 - (iv) Any person who continuously receives remuneration from an Investment Corporation, its Subsidiary Corporation, or the Administrative Agent, Asset Management Company, or Asset Custody Company thereof for operations other than those of a certified public accountant or auditing firm.
- (4) The provisions of Article 396, paragraph (2) through paragraph (4) of the Companies Act shall apply mutatis mutandis to the accounting auditor of an Investment Corporation. In this case, the phrase "directors and accounting advisors as well as managers or other employees" in Article 396, paragraph (2) of that Act shall be deemed to be replaced with "corporate officer(s) and executive liquidator(s)" and any other necessary technical replacement of terms shall be specified by a Cabinet Order.

(Reports from Accounting Auditors to Supervisory Officers, etc.)

- Article 115-3 (1) When an accounting auditor, in the course of his/her duties, finds any misconduct or any material fact that is in violation of laws and regulations or of the certificate of incorporation with regard to the execution of the duties of a corporate officer or an executive liquidator, he/she shall report to that effect to the supervisory officers or liquidation supervisors without delay.
- (2) When supervisory officers or liquidation supervisors find it necessary for the performance of their duties, they may request the accounting auditor to report on his/her audits.

(Accounting Auditor's Statement of Opinions at Investors' Meetings)

Article 115-4 When a resolution requiring the attendance of an accounting auditor (in cases where the accounting auditor is an auditing firm, the member who is to perform the duties of an accounting auditor; hereinafter the same shall apply in this Article) is to be adopted at an Investors' meeting, the accounting auditor shall attend the Investors' meeting and state his/her opinions.

(Remuneration for Accounting Auditors)

Article 115-5 (1) When the amount of the remuneration of an accounting auditor is not provided for in the certificate of incorporation, the board of officers or board of liquidators shall decide the amount according to the criteria prescribed in Article 67, paragraph (1), item (xii).

(2) A corporate officer or executive liquidator shall obtain approval from the board of officers or board of liquidators in deciding the amount of remuneration for a person who has been appointed under Article 108, paragraph (3) to temporarily perform the duties of an accounting auditor.

Subsection 8 Officer, etc. Liability for Damages

(Officer, etc. Liability for Damages to an Investment Corporation)

Article 115-6 (1) When a corporate officer, supervisory officer, or accounting auditor (hereinafter such persons shall be referred to collectively as the "Officer, etc." in this Subsection) neglects his/her duties, he/she shall be liable to the Investment Corporation for the damages arising as a result thereof.

(2) Exemption from the liability prescribed in the preceding paragraph shall not be granted without the consent of all the Investors.

(3) Notwithstanding the provisions of the preceding paragraph, when the Officer, etc. has performed his/her duties in good faith and without gross negligence, exemption from the liability prescribed in paragraph (1) shall be granted by resolution at an Investors' meeting, within the limit of the amount obtained by multiplying the numbers provided in the following items according to the categories of Officer, etc. listed in the respective items by the amount calculated by the method prescribed in a Cabinet Office Ordinance as an amount equivalent to the annual amount of property benefits which the Officer, etc. has received or is to receive as the consideration for the execution of his/her duties from the Investment Corporation while he/she is in office, and deducting the amount obtained from the amount for which he/she is liable:

(i) Corporate officer or supervisory officer: four; and

(ii) Accounting auditor: two.

(4) In the case referred to in the preceding paragraph, the corporate officer(s)

shall disclose the following matters at the Investors' meeting prescribed in that paragraph:

- (i) The facts that are the source of liability and the amount of liability for damages;
 - (ii) The maximum amount for which exemption may be given under the preceding paragraph and the grounds for such calculation; and
 - (iii) The reasons for granting an exemption from liability and the amount for which exemption is to be granted.
- (5) In order to submit proposals regarding exemption from liability as prescribed in paragraph (1) (limited to a corporate officer's exemption from liability) to an Investors' meeting, the corporate officer(s) shall obtain approval from each of the supervisory officers.
- (6) In cases where a resolution under paragraph (3) has been adopted, if the Investment Corporation is to give any retirement allowance or other property benefit as specified by a Cabinet Office Ordinance to the Officer, etc. under that paragraph after such resolution, the Investment Corporation shall obtain approval at an Investors' meeting.
- (7) Notwithstanding the provisions of paragraph (2), the Investment Corporation may provide in its certificate of incorporation that, in cases where the Officer, etc. has performed his/her duties in good faith and without gross negligence, and when the Investment Corporation finds it particularly necessary, taking into consideration the details of the facts that are the source of liability, the status of the execution of the duties of said Officer, etc., and any other circumstances, an exemption from liability prescribed in paragraph (1) may be granted by a resolution of the board of officers within the limit of the amount for which exemption may be given pursuant to paragraph (3).
- (8) The provisions of paragraph (5) shall apply mutatis mutandis to cases where a proposal to change the certificate of incorporation and create provisions for the certificate of incorporation pursuant to the preceding paragraph (limited to the provisions of the certificate of incorporation whereby the corporate officer(s) may be exempted from liability) is to be submitted at an Investors' meeting and to cases where a proposal regarding exemption from liability under the provisions of the certificate of incorporation as provided in paragraph (5) is to be submitted at a board of officers meeting.
- (9) When a resolution has been adopted at a board of officers meeting to the effect that an Officer, etc. shall be exempted from liability under the provisions of the certificate of incorporation pursuant to paragraph (7), a corporate officer shall give public notice or notify the Investors to the effect that any objection to the matters listed in the items of paragraph (4) or to the exemption from liability should be made within a certain period, without delay; provided, however, that such period may not be shorter than one month.

- (10) If Investors who hold more than three-hundredths (in cases where a lower proportion is provided for in the certificate of incorporation, such proportion) of the units of the Issued Investment Equity (excluding Investment Equity held by the Officer, etc. who bears the liability prescribed in the preceding paragraph) have stated their objections within the period provided in that paragraph, the Investment Corporation shall not effect its exemption pursuant to the provisions of the certificate of incorporation under paragraph (7).
- (11) The provisions of paragraph (6) shall apply mutatis mutandis to cases where exemption from liability is granted pursuant to the provisions of the certificate of incorporation under paragraph (7).
- (12) The provisions of Article 427 of the Companies Act (excluding paragraph (3)) shall apply mutatis mutandis to the accounting auditor's liability as prescribed in paragraph (1). In this case, the terms "Article 424" and "the Minimum Liability Amount" in Article 427, paragraph (1) of that Act shall be deemed to be replaced with "Article 115-6, paragraph (2) of the Investment Corporations Act" and "the amount obtained by the multiplication made under Article 115-6, paragraph (3)" respectively, the term "Article 425(2)(i)" in Article 427, paragraph (4), item (i) of the Companies Act shall be deemed to be replaced with "Article 115-6, paragraph (4) , item (i) and item (ii) of the Investment Corporations Act," the term "Article 423(1)" in Article 427, paragraph (4) , item (iii) of the Companies Act shall be deemed to be replaced with "Article 115-6, paragraph (1) of the Investment Corporations Act," the term "Article 425(4) and (5)" in Article 427, paragraph (5) of the Companies Act shall be deemed to be replaced with "Article 115-6, paragraph (6) of the Investment Corporations Act" and any other necessary technical replacement of terms shall be specified by a Cabinet Order.

(Officer, etc. Liability for Damages to a Third Party)

- Article 115-7 (1) When an Officer, etc. has performed his/her duties in bad faith or has been grossly negligent, said Officer, etc. shall be liable to a third party for the damages arising as a result thereof.
- (2) The provisions of the preceding paragraph shall also apply when any of the persons listed in the following items have conducted the acts provided in said items; provided, however, that this shall not apply to cases where the relevant person has proved that he/she did not fail to exercise due care in conducting such acts:
- (i) Corporate officers and supervisory officers: The following acts:
- (a) Giving false notice on important matters of which notification should be given when soliciting persons to subscribe for Investment Equity or Investment Corporation Bonds or making a false statement or record in the materials used to explain the business of the relevant Investment

Corporation or in regard to other matters in order to make such solicitation;

- (b) Making a false statement or record on important matters which should be stated or recorded in the Financial Statements, asset investment reports, statements related to the distribution of monies and the annexed detailed statements of such documents;
 - (c) Making a false registration; or
 - (d) Giving a false public notice; and
- (ii) Accounting Auditors: Making a false statement or record on important matters which should be stated or recorded in the accounting audit reports.

(Joint and Several Liability of Officers, etc.)

Article 115-8 In cases where an Officer, etc. is liable for damages which have arisen at an Investment Corporation or a third party, if other Officers, etc. are also liable for such damages, such persons shall be joint and several obligors.

(Action Pursuing the Liability of Officers, etc.)

Article 116 The provisions of Part VII, Chapter II, Section 2 of the Companies Act (excluding Article 847, paragraph (2), Article 849, paragraph (2), item (ii) and paragraph (5), and Article 851, paragraph (1), item (i) and paragraph (2)) shall apply mutatis mutandis to an action pursuing the liability of Officers, etc. In this case, any necessary technical replacement of terms shall be specified by a Cabinet Order.

Section 5 Entrustment of Affairs

(Entrustment of Business Affairs)

Article 117 An Investment Corporation shall entrust the affairs related to its business other than those pertaining to asset investments and the custody of assets listed in the following items to other persons as provided in a Cabinet Office Ordinance:

- (i) Business affairs related to the solicitation of persons to subscribe for the Investment Equity and Investment Corporation Bonds which the Investment Corporation issues;
- (ii) Preparation and keeping of the Investors registry and Investment Corporation Bonds registry and other affairs related to the Investors registry and Investment Corporation Bonds registry;
- (iii) Business affairs related to the issue of Investment Securities and Investment Corporation Bond Certificates (hereinafter collectively referred to as the "Investment Securities, etc.");
- (iv) Business affairs related to the operation of the administrative instruments;

- (v) Business affairs related to accounts; and
- (vi) In addition to what is listed in the preceding items, business affairs specified by a Cabinet Office Ordinance.

(Obligation of Persons Entrusted with Business Affairs)

Article 118 (1) Any Administrative Agent who has been entrusted with the business affairs listed the items of the preceding Article by an Investment Corporation shall carry out those business affairs with due loyalty to said Investment Corporation.

(2) Any Administrative Agent who has been entrusted with the business affairs listed in the items of the preceding Article by an Investment Corporation shall carry out those business affairs with due care of a prudent manager of said Investment Corporation.

(Liability of Administrative Agents)

Article 119 (1) When an Administrative Agent neglects his/her duties, he/she shall be liable to the Investment Corporation for the damages arising as a result thereof.

(2) In cases where a Administrative Agent is liable for damages which have arisen in an Investment Corporation, if a corporate officer(s), supervisory officers, executive liquidator(s), liquidation supervisors or accounting auditor(s) is also liable for such damages, such Administrative Agent, corporate officer(s), supervisory officers, executive liquidator(s), liquidation supervisors, and accounting auditor(s) shall be joint and several obligors.

(3) Article 115-6, paragraph (2) of this Act shall apply mutatis mutandis to the liability prescribed in paragraph (1) and the provisions of Part VII, Chapter II, Section 2 (excluding Article 847, paragraph (2), Article 849, paragraph (2), item (ii) and paragraph (5), and Article 851, paragraph (1), item (i) and paragraph (2)) of the Companies Act shall apply mutatis mutandis to an action pursuing the liability of an Administrative Agent. In this case, any necessary technical replacement of terms shall be specified by a Cabinet Order.

Article 120 Deleted

Article 121 Deleted

Article 122 Deleted

Article 123 Deleted

Section 6 Refund of Investment Equity

(Request for a Refund)

Article 124 (1) The Investment Corporation prescribed in Article 86, paragraph (1) shall, except in the following cases, refund the Investment Equity upon the request of an Investor:

- (i) When such a request has been made within the period from the Record Date prescribed in Article 77-3, paragraph (2) to the day on which the Investor may exercise his/her rights as an Investor or pledgee;
 - (ii) When the Investment Corporation has been dissolved;
 - (iii) When the amount of net assets has become less than the Net Assets Threshold (meaning the amount obtained by adding not less than fifty million yen as provided by a Cabinet Order to the Minimum Net Assets; the same shall apply in the provisions of Subsection 4 of the following Section and Article 215, paragraph (1));
 - (iv) When falling under any of the grounds specified by the certificate of incorporation; and
 - (v) When the refund must be suspended or may be suspended pursuant to laws and regulations or a disposition thereon made under laws and regulations.
- (2) The request prescribed in the preceding paragraph shall disclose the following matters:
- (i) Number of units of Investment Equity for which the Investor intends to request a refund; and
 - (ii) The day of the request.
- (3) The Investor who makes the request prescribed in paragraph (1) shall submit the Investment Securities to the Investment Corporation; provided, however, that this shall not apply to cases where such Investment Securities are not issued.

(Refund)

- Article 125 (1) An Investment Corporation shall refund the Investment Equity at a fair amount in light of the content of the assets held by the Investment Corporation.
- (2) The refund of Investment Equity shall become effective when the amount to be refunded is paid.
- (3) When an Investment Corporation has refunded the Investment Equity, it shall state the fact of the refund in the Investors registry and deduct an amount equivalent to the refunded Investment Equity from the Total Amount of Investment, etc., as provided by a Cabinet Office Ordinance.

(Public Notice of Refund Amount)

Article 126 An Investment Corporation may, pursuant to the provisions of a

Cabinet Office Ordinance, give public notice of the amount to be refunded for the Investment Equity in advance. In this case, the Investment Corporation shall make a refund on the Investment Equity in the amount stated in the public notice.

(Liability Related to Illegal Refunds)

- Article 126-2 (1) When an Investment Corporation has refunded Investment Equity in the case referred to in Article 124, paragraph (1), item (iii), the person who has received monies in said refund or the Executing Person (meaning a corporate officer and other persons specified by a Cabinet Office Ordinance as having been involved in the execution of the operations conducted by the corporate officer in the performance of their duties; hereinafter the same shall apply in this Article and paragraph (1) of the following Article) who carried out the duties related to said refund shall be jointly and severally liable to pay said Investment Corporation the amount of monies equivalent to the amount received by the person who has received the refund.
- (2) Notwithstanding the provisions of the preceding paragraph, the Executing Person shall not be liable under that paragraph when he/she has proved that he/she did not fail to exercise due care in the course of his/her duties.
- (3) No exemption from the obligation assumed by the Executing Person pursuant to paragraph (1) shall be granted without the consent of all Investors.

(Restrictions, etc. on the Right to Obtain Reimbursement from Investors)

- Article 126-3 (1) In the case referred to in paragraph (1) of the preceding Article, Investors who are without knowledge of falling under said case shall, with regard to the monies received thereby, not be obliged to respond to a request for remedy that the Executing Person who paid such monies under that paragraph makes against such Investors.
- (2) In the case referred to in paragraph (1) of the preceding Article, the creditors of an Investment Corporation may have Investors who are liable under that paragraph pay the amount of monies equivalent to the monies received thereby to the Investment Corporation.
- (3) Any person who has paid the monies set forth in the preceding paragraph to the Investment Corporation pursuant to that paragraph shall be deemed still to be an Investor retroactively as of the time when he/she has received the refund on Investment Equity.

(Liability of Person who has Received Unlawful Refunds)

- Article 127 (1) Any person who has knowingly received a refund on Investment Equity at an unfair price shall have an obligation to pay the amount of monies equivalent to the difference between the fair price and the unfair price to the

Investment Corporation.

- (2) The provisions of Part VII, Chapter II, Section 2 (excluding Article 847, paragraph (2), Article 849, paragraph (2), item (ii) and paragraph (5), and Article 851, paragraph (1), item (i) and paragraph (2)) of the Companies Act shall apply mutatis mutandis to an action seeking payment under the preceding paragraph. In this case, any necessary technical replacement of terms shall be specified by a Cabinet Order.

Section 7 Accounting, etc.

Subsection 1 Accounting Principles

Article 128 The accounting of an Investment Corporation shall be subject to business accounting practices which are generally accepted as being fair and appropriate.

Subsection 2 Accounting Books, etc.

Division 1 Accounting Books

(Preparation and Preservation of Accounting Books)

Article 128-2 (1) An Investment Corporation shall prepare accurate accounting books in a timely manner, pursuant to the provisions of a Cabinet Office Ordinance.

- (2) An Investment Corporation shall preserve its accounting books and other important materials related to its business for ten years from the day of the closing of the accounting books.

(Request for Inspection, etc. of Accounting Books)

Article 128-3 (1) Investors may request the following matters at any time during the business hours of an Investment Corporation. In this case, the Investors shall disclose the reasons for making such requests:

- (i) Where the accounting books and materials related thereto are prepared in writing, a request to inspect or copy such documents; and
- (ii) Where the accounting books and materials related thereto are prepared in the form of Electromagnetic Records, a request for to inspect or copy the matters recorded in said Electromagnetic Records which are indicated by the method specified by a Cabinet Office Ordinance.

- (2) The provisions of Article 433, paragraph (2) of the Companies Act (excluding item (iii)) and paragraph (3) and paragraph (4) of that Article shall apply mutatis mutandis to a request under the preceding paragraph and the Investors of the Parent Corporation respectively. In this case, the term "the court" in paragraph (3) and paragraph (4) of that Article shall be deemed to be

replaced with "the Prime Minister," the phrase "each item of paragraph (1)" in paragraph (3) of that Article shall be deemed to be replaced with "the items of Article 128-3, paragraph (1) of the Investment Corporations Act" and the phrase "each item of paragraph (2)" in Article 433, paragraph (4) of the Companies Act shall be deemed to be replaced with "item (i), item (ii), item (iv), or item (v) of paragraph (2)".

(Order to Submit Accounting Books)

Article 128-4 The court may, in response to a petition or ex officio, order the parties to a lawsuit to submit the whole or part of their accounting books.

Division 2 Financial Statements, etc.

(Preparation, etc. of Financial Statements, etc.)

Article 129 (1) An Investment Corporation shall prepare a balance sheet as of the day of its establishment, pursuant to the provisions of a Cabinet Office Ordinance.

(2) An Investment Corporation shall prepare Financial Statements (meaning a balance sheet, profit and loss statement, and any other documents specified by a Cabinet Office Ordinance as being necessary and appropriate to indicate the status of the property and the profits and losses of the Investment Corporation; the same shall apply hereinafter), the asset investments reports and statements related to the distribution of monies for each Business Period (meaning the period from the day following the final day of the accounting period immediately preceding a given accounting period (in cases where there is no such day, the day of the establishment of the Investment Corporation) to the end of next accounting period; the same shall apply in Article 132, paragraph (1) and Article 212) pursuant to the provisions of a Cabinet Office Ordinance.

(3) The Financial Statements, asset investment reports, and statements related to the distribution of monies, as well as the annexed detailed statements thereof, may be prepared in the form of an Electromagnetic Record.

(4) An Investment Corporation shall preserve the relevant Financial Statements and its annexed detailed statements for ten years from the day on which said Financial Statements were prepared.

(Audit of Financial Statements, etc.)

Article 130 The Financial Statements, asset investment reports, and statements related to the distribution of monies as well as the annexed detailed statements thereof prescribed under paragraph (2) of the preceding Article (with regard to the asset investment reports and the annexed detailed

statements thereof, limited to the part concerning the accounts) shall be audited by an accounting auditor pursuant to the provisions of a Cabinet Office Ordinance.

(Approval, etc. of Financial Statements, etc.)

- Article 131 (1) A corporate officer shall submit or provide the Financial Statements, asset investment reports, and statements related to the distribution of monies, as well as the annexed detailed statements thereof audited under the preceding Article and the accounting audit reports, to the board of officers.
- (2) The Financial Statements, asset investment reports, and statements related to the distribution of monies, as well as the annexed detailed statements thereof submitted or provided under the preceding paragraph, must be approved by the board of officers.
- (3) When approval has been given under the preceding paragraph, a corporate officer shall notify the Investors to that effect without delay.
- (4) In the case that a corporate officer is giving notice under the preceding paragraph using an electronic data processing system or other information and communications technology, he/she shall first obtain the consent of the Investors pursuant to the provisions of a Cabinet Order and shall give such notice by the means specified by a Cabinet Office Ordinance.
- (5) A corporate officer(s) shall, in giving notice under paragraph (3), provide the Financial Statements, asset investment reports, and statements related to the distribution of monies, as well as the accounting audit reports approved under paragraph (2), to the Investors pursuant to the provisions of a Cabinet Office Ordinance.

(Keeping and Inspection, etc. of Financial Statements, etc.)

- Article 132 (1) An Investment Corporation shall keep its Financial Statements, asset investment reports, and statements related to the distribution of monies, as well as the annexed detailed statements thereof and the accounting audit reports for each Business Period, at its head office for five years from the day such documents were approved under paragraph (2) of the preceding Article.
- (2) Article 442, paragraph (3) and paragraph (4) of the Companies Act shall apply mutatis mutandis to the Financial Statements, asset investment reports, statements related to the distribution of monies, the annexed detailed statements thereof, and the accounting audit reports prescribed in the preceding paragraph. In this case, the term "the court" in paragraph (4) of that Article shall be deemed to be replaced with "the Prime Minister," and any other necessary technical replacement of terms shall be specified by a Cabinet Order.

(Order to Submit Financial Statements, etc.)

Article 133 The court may, in response to a petition or ex officio, order the parties to a lawsuit to submit the whole or part of their Financial Statements and annexed detailed statements.

Article 134 Deleted

Subsection 3 Investment Surplus, etc.

(Investment Surplus)

Article 135 (1) When the sum total of the Total Amount of Investment, etc. that was reduced in the refund of Investment Equity exceeds the amount needed for refunding the Investment Equity, the Investment Corporation shall reserve the excess amount as an investment surplus.

(2) The amount to be reserved as an investment surplus upon a merger shall be specified by a Cabinet Office Ordinance.

(Incorporating Profits into the Total Amount of Investment)

Article 136 An Investment Corporation may incorporate the whole or part of its Profits (meaning the amount obtained by deducting the sum total of the Total Amount of Investment, etc. from the amount of net assets stated on the balance sheet; the same shall apply in paragraph (1) and paragraph (3) of the following Article) into the total amount of investment under the statements related to the distribution of monies approved under Article 131, paragraph (2).

Subsection 4 Distribution of Monies, etc.

(Distribution of Monies)

Article 137 (1) An Investment Corporation may distribute any monies that are in excess of its Profits pursuant to the statements related to the distribution of monies approved under Article 131, paragraph (2); provided, however, that such monies shall not exceed the amount obtained by deducting the amount of the Net Assets Threshold from the amount of net assets stated on the balance sheet.

(2) The statements related to the distribution of monies shall be prepared in accordance with the policy for distributing monies as provided in the certificate of incorporation.

(3) In the case referred to in the main clause of paragraph (1), the amount distributed to the Investors in excess to the relevant Profits shall be deducted from the total amount of investment or the investment surplus as prescribed in

Article 135 as provided by a Cabinet Office Ordinance.

- (4) The distribution of monies shall be made in accordance with the number of units of Investment Equity held by each of the Investors.
- (5) The provisions of Article 457 of the Companies Act shall apply mutatis mutandis to the distribution of monies by an Investment Corporation. In this case, the phrase "The Dividend Property (including monies paid pursuant to the provisions of Article 455(2) and monies paid pursuant to the provisions of the preceding Article. The same shall apply hereinafter in this Article)" in Article 457, paragraph (1) of that Act shall be deemed to be replaced with "The monies to be distributed pursuant to Article 137, paragraph (1) of the Investment Corporations Act," the term "Dividend Property" in Article 457, paragraph (2) and paragraph (3) of the Companies Act shall be deemed to be replaced with "monies" and any other necessary technical replacement of terms shall be specified by a Cabinet Order.

(Liability Related to the Distribution of Monies)

Article 138 (1) In the case where an Investment Corporation has distributed monies in violation of the proviso to paragraph (1) of the preceding Article, persons who have received monies upon such distribution and the following persons shall be jointly and severally liable to pay to said Investment Corporation monies equivalent to the amount received by the person who accepted the distribution:

- (i) An Executing Person (meaning a corporate officer and other persons specified by a Cabinet Office Ordinance as having been involved in the execution of the operations conducted by the corporate officer in the course of their duties) who has performed the duties related to the distribution of monies; and
- (ii) A corporate officer(s) specified by a Cabinet Office Ordinance as having submitted a proposal to the board of officers under Article 131, paragraph (2).
- (2) Notwithstanding the provisions of the preceding paragraph, the person listed in the items of that paragraph shall not be liable under that paragraph when the relevant person has proved that he/she did not fail to exercise due care in the course of his/her duties.
- (3) No exemption shall be granted from the obligation assumed by the persons listed in the items of paragraph (1) pursuant to that paragraph; provided, however, that this shall not apply to cases where all the Investors have consented to grant an exemption within the limit of the amount obtained by deducting the amount of the Net Asset Threshold from the amount of net assets stated on the balance sheet at the time of the distribution of monies.

(Restrictions, etc. on the Right to Obtain Reimbursement from Investors)

Article 139 (1) In the case referred to in paragraph (1) of the preceding Article, Investors who are without knowledge of the fact that the total amount of monies delivered to them by the Investment Corporation through the distribution of monies exceeds the amount obtained by deducting the amount of the Net Assets Threshold from the amount of net assets stated in the balance sheet on the day such distribution of monies becomes effective shall, with regard to the monies received thereby, not be obliged to respond to a request for remedy that a person as listed in the items of that paragraph who paid the monies under that paragraph makes against such Investors.

(2) In the case referred to in paragraph (1) of the preceding Article, the creditors of an Investment Corporation may make the Investors who are liable under that paragraph pay monies equivalent to the amount of monies received thereby (in cases where such amounts exceed the amount that the Investment Corporation owes to such creditors, such owed amount).

Section 8 Investment Corporation Bonds

(Issuance of Investment Corporation Bonds)

Article 139-2 (1) Any Investment Corporation that in its certificate of incorporation provides to the effect that its Investment Equity shall not be refunded upon the request of the Investors may issue Investment Corporation Bonds, within the extent of the amount provided in its certificate of incorporation.

(2) No Investment Corporation shall jointly issue Investment Corporation Bonds with other Investment Corporations.

(Decisions on Matters Regarding Investment Corporation Bonds for Subscription)

Article 139-3 (1) When an Investment Corporation intends to solicit persons to subscribe for the Investment Corporation Bonds it issues, it shall, on each occasion, provide the following matters with regard to the Investment Corporation Bonds for Subscription (meaning Investment Corporation Bonds allotted to persons who have applied to subscribe for the Investment Corporation Bonds in response to the solicitation; hereinafter the same shall apply in this Section):

- (i) The total amount of Investment Corporation Bonds for Subscription;
- (ii) The amount of money for each Investment Corporation Bond for Subscription;
- (iii) The interest rate on the Investment Corporation Bonds for Subscription;
- (iv) The method and due date for redemption of the Investment Corporation Bonds for Subscription;

- (v) The method and due date for the payment of interest;
 - (vi) When Investment Corporation Bond Certificates are to be issued, to that effect;
 - (vii) When it has been arranged that the creditors of the Investment Corporation Bonds (hereinafter referred to as the "Creditors of an Investment Corporation") may not make the request under Article 698 of the Companies Act as applied mutatis mutandis pursuant to Article 139-7, in whole or in part, to that effect;
 - (viii) When it has been arranged that the manager of Investment Corporation Bonds may conduct the acts listed in Article 139-9, paragraph (4), item (ii) in absence of a resolution adopted at an Investment Corporation Creditors' meeting, to that effect;
 - (ix) The time limit for specifying the persons to whom the Investment Corporation Bonds for Subscription shall be allotted;
 - (x) In cases where the persons to whom the Investment Corporation Bonds for Subscription are to be allotted are not specified for the total amount of Investment Corporation Bonds for Subscription by the time limit prescribed in the preceding item, if there are any persons who have promised to subscribe for the remaining amount, their names;
 - (xi) The amount to be paid in for each of the Investment Corporation Bonds for Subscription (meaning the amount to be paid in, in exchange for each of the Investment Corporation Bonds for Subscription; hereinafter the same shall apply in this Section) or the minimum amount thereof, or the method for calculating such amounts;
 - (xii) The due date for the payment of monies to be made in exchange for the Investment Corporation Bonds for Subscription; and
 - (xiii) In addition to what is listed in the preceding items, matters specified by a Cabinet Office Ordinance.
- (2) The decision on matters listed in item (i) of the preceding paragraph and other matters specified by a Cabinet Office Ordinance as being important with regard to the solicitation of persons to subscribe for Investment Corporation Bonds shall be made by a resolution of the board of officers.
- (3) If an Investment Corporation has not arranged for persons, except in cases where there are any persons provided in item (x) of paragraph (1), to receive allotments of the total amount of Investment Corporation Bonds for Subscription by the time limit under item (ix) of that paragraph, it shall not issue all of its Investment Corporation Bonds for Subscription.

(Applications for Investment Corporation Bonds for Subscription)

Article 139-4 (1) An Investment Corporation shall notify the person who intends to apply to subscribe for an Investment Corporation Bond for Subscription of

the following matters in response to the solicitation under paragraph (1) of the preceding Article:

- (i) The trade name of the Investment Corporation as well as the date of registration and the registration number under Article 189, paragraph (1), item (ii);
 - (ii) The fact that Investment Corporation Bonds are the subject of the application;
 - (iii) The matters listed in the items of paragraph (1) of the preceding Article pertaining to the solicitation;
 - (iv) The name and address of the Administrative Agent and the contents of the affairs to be entrusted thereto;
 - (v) The name of the Asset Management Company and the outline of the entrustment contract for asset investments concluded with the relevant Asset Management Company;
 - (vi) The name of the Asset Custody Company; and
 - (vii) In addition to what is listed in the preceding items, matters specified by a Cabinet Office Ordinance.
- (2) Any person who applies to subscribe for Investment Corporation Bonds for Subscription in response to solicitation under paragraph (1) of the preceding Article shall deliver documents stating the following matters to the Investment Corporation:
- (i) The name and address of the person filing the application;
 - (ii) The amount of Investment Corporation Bonds for Subscription for which the person intends to subscribe and the number of Investment Corporation Bonds for each amount; and
 - (iii) When the Investment Corporation has provided the minimum amount under paragraph (1), item (xi) of the preceding Article, the preferred amount for payment.
- (3) Any person who files an application under the preceding paragraph may, in lieu of delivering the documents as prescribed in that paragraph, provide the matters to be stated in the documents set forth in that paragraph by Electromagnetic Means with the consent of the Investment Corporation pursuant to the provisions of a Cabinet Order. In this case, the person who has filed such an application shall be deemed to have delivered the documents under that paragraph.
- (4) The provisions of paragraph (1) shall not apply to cases where an Investment Corporation has delivered the Prospectus prescribed in Article 2, paragraph (10) of the Financial Instruments and Exchange Act, which states the matters listed in the items of paragraph (1), to the person who intends to file an application under paragraph (1) nor shall they apply to other cases specified by a Cabinet Office Ordinance as those in which it is unlikely that the protection

of the person who intends to apply to subscribe for Investment Corporation Bonds for Subscription will be compromised.

- (5) When there are any changes to the matters listed in the items of paragraph (1), the Investment Corporation shall immediately notify the person who filed the application under paragraph (2) (such person shall be referred to as the "Applicant" in the following paragraph and the following Article) to that effect and of the changed matters.
- (6) It shall be sufficient if a notice or demand made to the Applicant by the Investment Corporation is sent to an address as set forth in item (ii) of paragraph (2) (in cases where the Applicant has notified the Investment Corporation of another place or contact address to receive a notice or demand, such place or contact address).
- (7) The notice or demand referred to in the preceding paragraph shall be deemed to have arrived at the time when the notice or demand should have normally arrived.

(Allotment of Investment Corporation Bonds for Subscription)

Article 139-5 (1) An Investment Corporation shall specify the persons to whom the Investment Corporation Bonds for Subscription are to be allotted from among the Applicants as well as the amount and the number for each amount of Investment Corporation Bonds for Subscription to be allotted to such persons. In this case, the Investment Corporation may reduce the number for each amount of Investment Corporation Bonds for Subscription to be allotted to the relevant Applicant to fewer than the number referred to in paragraph (2), item (ii) of the preceding Article.

- (2) An Investment Corporation shall notify Applicants of the amount of Investment Corporation Bonds for Subscription and the number for each amount of Investment Corporation Bonds for Subscription to be allotted to said Applicants by the day before the due date prescribed in Article 139-3, paragraph (1), item (xii).

(Special Provisions on Subscription for and Allotment of Investment Corporation Bonds for Subscription)

Article 139-6 The provisions of the preceding two Articles shall not apply to cases where the person who intends to subscribe for Investment Corporation Bonds for Subscription enters into a contract for subscription for the whole amount of the Investment Corporation Bonds for Subscription.

(Application Mutatis Mutandis of the Companies Act)

Article 139-7 The provisions of Article 680 through Article 701 of the Companies Act shall apply mutatis mutandis to Investment Corporation Bonds, Creditors

of an Investment Corporation, Investment Corporation Bonds Registries, and Investment Corporation Bond Certificates where the Investment Corporation issues such Investment Corporation Bonds. In this case, the term "the preceding Article" in Article 680, item (ii) of that Act shall be deemed to be replaced with "Article 139-6 of the Investment Corporations Act," the phrase "items (iii) through (viii) of Article 676" in Article 681, item (i) of the Companies Act shall be deemed to be replaced with "Article 139-3, paragraph (1), item (iii) through item (viii) of the Investment Corporations Act," the phrase "its head office (or, in case a manager of Bond Registry is appointed, its business office)" in Article 684, paragraph (1) of the Companies Act shall be deemed to be replaced with "the business office of an Administrator of the Investors' Registry, etc. as set forth in Article 166, paragraph (2), item (viii) of the Investment Corporations Act," the term "the court" in Article 684, paragraph (4) and paragraph (5) of the Companies Act shall be deemed to be replaced with "the Prime Minister," the term "item (vii) of Article 676" in Article 698 of the Companies Act shall be deemed to be replaced with "Article 139-3, paragraph (1), item (vii) of the Investment Corporations Act," and any other necessary technical replacement of terms shall be specified by a Cabinet Office Ordinance.

(Establishment of a Manager of Investment Corporation Bonds)

Article 139-8 In cases where an Investment Corporation issues Investment Corporation Bonds, it shall specify the manager of the Investment Corporation Bonds and entrust him/her with the receipt of payments, the preservation of claims on behalf of the Creditors of an Investment Corporation, and other administration of the Investment Corporation Bonds; provided, however, that this shall not apply to cases where the amount for each of the Investment Corporation Bonds is at least 100 million yen and to other cases specified by a Cabinet Office Ordinance as those in which it is unlikely that the protection of the Creditors of an Investment Corporations will be compromised.

(Authority, etc. of the Manager of Investment Corporation Bonds)

Article 139-9 (1) A manager of Investment Corporation Bonds shall have the authority to conduct any and all judicial and extra-judicial acts on behalf of the Creditors of an Investment Corporation that are necessary in order to receive the payment of claims related to Investment Corporation Bonds and to preserve the realization of claims related to Investment Corporation Bonds.
(2) When the manager of Investment Corporation Bonds has received payment referred to in the preceding paragraph, the Creditors of an Investment Corporation may claim payment of the redemption amount for the Investment Corporation Bonds and the interest thereof from the manager of the

Investment Corporation Bonds. In this case, if there are any provisions to the effect that Investment Corporation Bond Certificates shall be issued, the Creditors of an Investment Corporation shall claim the payment of said redemption amount in exchange for the Investment Corporation Bond Certificates, and the payment of said interest in exchange for coupons.

- (3) When a claim under the first sentence of the preceding paragraph has not been exercised for ten years, shall be extinguished by prescription.
- (4) A manager of Investment Corporation Bonds shall not conduct the following acts without a resolution made at an Investment Corporation Creditors' meeting; provided, however, that this shall not apply with regard to the acts listed in item (ii), if there are any provisions on the matters listed in Article 139-3, paragraph (1), item (viii):
 - (i) With regard to all of the relevant Investment Corporation Bonds, granting grace periods for payment, exemptions from or settlement of liability arising from a failure to perform on obligations (excluding acts listed in the following item); and
 - (ii) With regard to all of the relevant Investment Corporation Bonds, bringing legal proceedings, bankruptcy proceedings, rehabilitation proceedings, or procedures concerning special liquidation (excluding the acts set forth in paragraph (1)).
- (5) When a manager of the Investment Corporation Bonds has conducted the acts listed in item (ii) of the preceding paragraph in absence of a resolution at an Investment Corporation Creditors' meeting pursuant to the proviso to that paragraph, it shall give public notice to that effect and a separate notice to each of the known Creditors of the Investment Corporations without delay.
- (6) The public notice referred to in the preceding paragraph shall be given by the method of giving public notice used by the Investment Corporation that issued the Investment Corporation Bonds (such Investment Corporation shall be referred to as the "Corporation Issuing the Investment Corporation Bonds" in the following paragraph); provided, however, that if such method is by Electronic Public Notice (meaning the electronic public notice set forth in Article 186-2, paragraph (1), item (iii); the same shall apply in Section 13), such public notice shall be effected by publication in the official gazette.
- (7) When it is necessary in order for the manager of Investment Corporation Bonds to carry out the acts listed in paragraph (1) or those listed in the items of paragraph (4) with regard to the Investment Corporation Bonds that the manager of the Investment Corporation Bonds has been entrusted to administer, he/she may conduct an investigation on the status of the business and property of the Corporation Issuing the Investment Corporation Bonds with regard to the Corporation Issuing the Investment Corporation Bonds, its Administrative Agent, the Asset Management Company, or the Asset Custody

Company.

- (8) The provisions of Article 703, Article 704, Article 707 through Article 714, Article 868, paragraph (3), Article 869, Article 870 (limited to the part pertaining to item (iii)), Article 871, Article 872 (limited to the part pertaining to item (iv)), Article 874 (limited to the part pertaining to item (i) and item (iv)), Article 875 and Article 876 of the Companies Act shall apply mutatis mutandis to the manager of Investment Corporation Bonds. In this case, the terms "bond," "bondholders," and "bondholders' meeting" in said provisions shall be deemed to be replaced with "Investment Corporation Bonds", "Creditors of an Investment Corporation," and "Investment Corporation Creditors' meeting" respectively, the term "paragraph (1) of Article 705" in Article 709, paragraph (2) of that Act shall be deemed to be replaced with "Article 139-9, paragraph (1) of the Investment Corporations Act," the phrase "this Act" in Article 710, paragraph (1) of the Companies Act shall be deemed to be replaced with "the Investment Corporations Act," the term "Article 702" in Article 711, paragraph (2) of the Companies Act shall be deemed to be replaced with "Article 139-8 of the Investment Corporations Act" and any other necessary technical replacement of terms shall be specified by a Cabinet Order.

(Investment Corporation Creditors' Meetings)

- Article 139-10 (1) The Creditors of an Investment Corporation shall organize Investment Corporation Creditors' meetings for each Class (meaning classes as prescribed in Article 681, item (i) of the Companies Act as applied mutatis mutandis pursuant to Article 139-7) of Investment Corporation Bonds.
- (2) The provisions of Article 716 through Article 742, the provisions of Part VII, Chapter II, Section 7, Article 868, paragraph (3), Article 869, Article 870 (limited to the part pertaining to item (x) through item (xii)), Article 871, Article 872 (limited to the part pertaining to item (iv)), Article 873, Article 874 (limited to the part pertaining to item (iv)), Article 875, and Article 876 of the Companies Act shall apply mutatis mutandis to the Investment Corporation Bonds, Creditors of an Investment Corporation, Investment Corporation Bond Certificates, the manager of Investment Corporation Bonds, and Investment Corporation Creditors' meetings when the Investment Corporation issues Investment Corporation Bonds. In this case, the phrase "this Act" in Article 716 of that Act shall be deemed to be replaced with "the Investment Corporations Act," the phrase "each item of Article 706(1)" in Article 724, paragraph (2), item (i) of the Companies Act shall be deemed to be replaced with "the items of Article 139-9, paragraph (4) of the Investment Corporations Act," the term "Article 676" in Article 733, item (i) of the Companies Act shall be deemed to be replaced with "Article 139-3, paragraph (1) of the Investment Corporations Act," the phrase "paragraphs (1) through (3) of Article 705" in

Article 737, paragraph (2) of the Companies Act shall be deemed to be replaced with "Article 139-9, paragraph (1) through paragraph (3) of the Investment Corporations Act," the term "paragraph (1) of Article 705" in Article 741, paragraph (3) of the Companies Act shall be deemed to be replaced with "Article 139-9, paragraph (1) of the Investment Corporations Act," the phrase "Article 449, Article 627, Article 635, Article 670, Article 779 (including cases where applied mutatis mutandis under paragraph (2) of Article 781), Article 789 (including cases where applied mutatis mutandis under paragraph (2) of Article 793), Article 799 (including cases where applied mutatis mutandis under paragraph (2) of Article 802) or Article 810 (including cases where applied mutatis mutandis in paragraph (2) of Article 813)" in Article 740, paragraph (1) of the Companies Act shall be deemed to be replaced with "paragraph (1) through paragraph (5) of Article 142 or Article 149-4 (including cases where applied mutatis mutandis pursuant to Article 149-9 or Article 149-14) of the Investment Corporations Act," the term "Article 702" in Article 740, paragraph (2) of the Companies Act shall be deemed to be replaced with "Article 139-8 of the Investment Corporations Act," the phrases "paragraph (2) of Article 449, paragraph (2) of Article 627, (hereinafter in this paragraph including cases where applied mutatis mutandis under paragraph (2) of Article 781), paragraph (2) of Article 789, (hereinafter in this paragraph including cases where applied mutatis mutandis under paragraph (2) of Article 793), paragraph (2) of Article 799, (hereinafter in this paragraph including cases where applied mutatis mutandis under paragraph (2) of Article 802), paragraph (2) of Article 810, (hereinafter in this paragraph including cases where applied mutatis mutandis under paragraph (2) of Article 813)" and "paragraph (2) of Article 449, paragraph (2) of Article 627, paragraph (2) of Article 635, paragraph (2) of Article 670, paragraph (2) of Article 779 and paragraph (2) of Article 799" in Article 740, paragraph (3) of the Companies Act shall be deemed to be replaced with "Article 142, paragraph (2) and Article 149-4, paragraph (2) (including the cases where it is applied mutatis mutandis pursuant to Article 149-9 and Article 149-14 of the Investment Corporations Act; hereinafter the same shall apply in this paragraph) of the Investment Corporations Act" and "Article 142, paragraph (2) and Article 149-4, paragraph (2) of the Investment Corporations Act" respectively, and any other necessary technical replacement of terms shall be specified by a Cabinet Order.

(Application of the Secured Bonds Trust Act, etc.)

Article 139-11 With regard to the application of the Secured Bonds Trust Act (Act No. 52 of 1905) and other laws and regulations specified by a Cabinet Order, Investment Corporation Bonds shall be deemed to be corporate bonds pursuant to the provisions of a Cabinet Order.

(Special Provisions on Short-Term Investment Corporation Bonds)

Article 139-12 (1) Notwithstanding the provisions of Article 681 of the Companies Act as applied mutatis mutandis pursuant to Article 139-7, with regard to Investment Corporation Bonds which fall under all of the following requirements (such Investment Corporation Bonds shall be referred to as "Short-Term Investment Corporation Bonds" in the following paragraph and following Article), the Investment Corporation which issued such Investment Corporation Bonds need not prepare an Investment Corporation Bonds registry:

- (i) The amount of each Investment Corporation Bond is no less than 100 million yen;
 - (ii) With regard to the redemption of principal, a fixed due date that comes in less than one year from the day of payment of the total amount of Investment Corporation Bonds is provided and installment payments are not allowed;
 - (iii) It is provided to the effect that the due date for the payment of interest shall be the same day as that of the due date for the redemption of principal provided under the preceding item; and
 - (iv) It is provided to the effect that security is not to be offered under the provisions of the Secured Bonds Trust Act.
- (2) The provisions of Article 139-8 through Article 139-10 shall not apply to Short-Term Investment Corporation Bonds.

(Issuance of Short-Term Investment Corporation Bonds)

Article 139-13 Except in the following cases, an Investment Corporation may not issue the Short-Term Investment Corporation Bonds:

- (i) In cases where all of the following requirements are satisfied:
 - (a) The Short-Term Investment Corporation Bonds are to be issued for procurement of the funds necessary to acquire Specified Assets (limited to real property and other assets specified by a Cabinet Order) or for any other purpose specified by a Cabinet Office Ordinance;
 - (b) The maximum amount for such an issue is provided in the Investment Corporation's certificate of incorporation; and
 - (c) In addition to what is listed in sub-item (a) and sub-item (b), requirements specified by a Cabinet Office Ordinance as being necessary for the protection of Investors;
- (ii) In cases where the Short-Term Investment Corporation Bonds are to be issued to procure the funds necessary for redeeming Short-Term Investment Corporation Bonds (limited to cases specified by a Cabinet Office Ordinance).

Section 9 Changes to the Certificate of Incorporation

(Changes to the Certificate of Incorporation)

Article 140 An Investment Corporation may change its certificate of incorporation by resolution at an Investors' meeting after its establishment.

(Changes to the Certificate of Incorporation Pertaining to Refunds of Investment Equity)

Article 141 (1) In cases where an Investment Corporation has changed its certificate of incorporation and refused to refund Investment Equity, an Investor who has notified the Investment Corporation of his/her dissent from the changes to the certificate of incorporation prior to the Investors' meeting under the preceding Article and who has dissented from said changes to the certificate of incorporation at said Investors' meeting is entitled to demand that the Investment Corporation purchase his/her Investment Equity at a fair price.

(2) With regard to changes to the certificate of incorporation as referred to in the preceding Article, changes to the certificate of incorporation to refund the Investment Equity upon the request of Investors may be effective only in cases where none of its Investment Corporation Bonds is remaining.

(3) The provisions of Article 116, paragraph (5) through paragraph (7), Article 117, Article 868, paragraph (1), Article 870 (limited to the part pertaining to item (iv)), the main clause of Article 871, Article 872 (limited to the part pertaining to item (iv)), the main clause of Article 873, Article 875, and Article 876 of the Companies Act shall apply mutatis mutandis to the request under paragraph (1). In this case, any necessary technical replacement of terms shall be specified by a Cabinet Order.

(Changes to Certificate of Incorporation for Reducing Minimum Net Assets)

Article 142 (1) When the certificate of incorporation is to be changed to reduce the Minimum Net Assets, the creditors of an Investment Corporation may state their objections to changing the certificate of incorporation to said Investment Corporation.

(2) In the case referred to in the preceding paragraph, the Investment Corporation shall give public notice in an official gazette and shall issue a separate notice to each of its known creditors of the following matters; provided, however, that the period set forth in item (ii) may not be shorter than one month:

(i) The details of the reduction to the Minimum Net Assets; and

(ii) A statement to the effect that the creditors may state their objections within a certain period of time.

(3) Notwithstanding the provisions of the preceding paragraph, if the Investment

Corporation prescribed in paragraph (1) gives public notice under the preceding paragraph by the method of public notice set forth in item (ii) or item (iii) of Article 186-2, paragraph (1) in accordance with the provisions of the certificate of incorporation under Article 186-2, paragraph (1) in addition to the official gazette, the Investment Corporation is not required to give the separate notice under the preceding paragraph.

- (4) In cases where a creditor has not stated his/her objection within the period prescribed in item (ii) of paragraph (2), said creditor shall be deemed to have approved of said reduction to the Minimum Net Assets.
- (5) In cases where a creditor states his/her objection within the period provided in paragraph (2), item (ii), an Investment Corporation prescribed in paragraph (1) shall make the payment or provide reasonable security to said creditor or entrust equivalent property to a Trust Company, etc. for the purpose of having such a creditor receive the payment; provided, however, that this shall not apply to cases where the reduction of Minimum Net Assets is unlikely to harm the creditor.
- (6) The provisions of Article 828 paragraph (1) (limited to the part pertaining to item (v)) and paragraph (2) (limited to the part pertaining to item (v)), Article 834 (limited to the part pertaining to item (v)), Article 835, paragraph (1), Article 836 through Article 839, Article 846, and Article 937, paragraph (1) (limited to the part pertaining to sub-item (d) of item (i)) of the Companies Act shall apply mutatis mutandis to an action seeking invalidation of the reduction to the Minimum Net Assets. In this case, any necessary technical replacement of terms shall be specified by a Cabinet Order.

Section 10 Dissolution

(Grounds for Dissolution)

Article 143 An Investment Corporation shall be dissolved on the following grounds:

- (i) The expiration of the duration provided for in its certificate of incorporation;
- (ii) The occurrence of the grounds for dissolution as provided in its certificate of incorporation;
- (iii) A resolution made at an Investors' meeting;
- (iv) A merger (limited to cases where the Investment Corporation is extinguished as a result of merger);
- (v) A ruling for the commencement of bankruptcy proceedings;
- (vi) A juridical decision ordering dissolution under Article 144 or Article 824, paragraph (1) of the Companies Act as applied mutatis mutandis pursuant to Article 143-3, paragraph (1);
- (vii) The rescission of the registration referred to in Article 187; and

(viii) Refusal of the registration set forth in Article 187 pursuant to Article 190, paragraph (1).

(Restriction on Mergers by Dissolved Investment Corporations)

Article 143-2 In cases where an Investment Corporation has been dissolved, said Investment Corporation may not implement a merger.

(Action Seeking the Dissolution of an Investment Corporation)

Article 143-3 (1) In any of the following cases, if there are any unavoidable circumstances, Investors who hold not less than one-tenth (in cases where a lower proportion is provided for in the certificate of incorporation, such proportion) of the units of the Issued Investment Equity may request the dissolution of an Investment Corporation by filing an action:

(i) In cases where an Investment Corporation faces extreme difficulty in executing its business and said Investment Corporation suffers or is likely to suffer irreparable detriment; or

(ii) In cases where the management or handling of the property of an Investment Corporation is highly improper and puts the existence of the Investment Corporation at risk.

(2) The provisions of Article 834 (limited to the part pertaining to item (xx)), Article 835, paragraph (1), Article 836, paragraph (1) and paragraph (3), Article 837, Article 838, Article 846, and Article 937, paragraph (1) (limited to the part pertaining to sub-item (i) of item (i)) of the Companies Act shall apply mutatis mutandis to an action seeking the dissolution of an Investment Corporation. In this case, any necessary technical replacement of terms shall be specified by a Cabinet Order.

(Application Mutatis Mutandis of the Companies Act)

Article 144 The provisions of Article 824, Article 826, Article 868, paragraph (1), Article 870 (limited to the part pertaining to item (xiii)), the main clause of Article 871, Article 872 (limited to the part pertaining to item (iv)), the main clause of Article 873, Article 875, Article 876, Article 904, and Article 937, paragraph (1) (limited to the part pertaining to sub-item (b) of item (iii)) of the Companies Act shall apply mutatis mutandis to an order of dissolution of an Investment Corporation and the provisions of Article 825, Article 868, paragraph (1), Article 870 (limited to the part pertaining to item (ii)), Article 871, Article 872 (limited to the part pertaining to item (i) and item (iv)), Article 873, Article 874 (limited to the part pertaining to item (ii) and item (iii)), Article 875, Article 876, Article 905, and Article 906 of that Act shall apply mutatis mutandis to the preservation of the property of an Investment Corporation where a petition has been filed under Article 824, paragraph (1) of

that Act as applied mutatis mutandis pursuant to this Article. In this case, the term "the Minister of Justice" in Article 824, paragraph (1), Article 825, paragraph (1) and paragraph (3), Article 826, Article 904, and Article 906, paragraph (4) of that Act shall be deemed to be replaced with "the Prime Minister," the phrase "the executive director, an executive officer or a partner who executes the business" in Article 824, paragraph (1), item (iii) of that Act shall be deemed to be replaced with "the corporate officer(s) or supervisory officers," and any other necessary technical replacement of terms shall be specified by a Cabinet Order.

Section 11 Merger

Subsection 1 General Rules

(Conclusion of a Merger Agreement)

Article 145 An Investment Corporation may effect a merger with another Investment Corporation. In this case, the merging Investment Corporations shall conclude a merger agreement.

(Suspension of Refunds Due to Merger)

Article 146 (1) An Investment Corporation as set forth in Article 86, paragraph (1) may, to reach an agreement on a merger or to realize a merger, give public notice of the suspension period for a refund or suspend the refund of Investment Equity by giving separate notice to each of the Investors.

(2) The suspension period for a refund under the preceding paragraph shall not be longer than three months.

(3) The public notice or notice under paragraph (1) shall be given at least one month prior to the time of commencement of the suspension period for a refund referred to in that paragraph.

Subsection 2 Absorption-Type Mergers

(Absorption-Type Merger Agreements)

Article 147 (1) In cases where an Investment Corporation implements an Absorption-Type Merger (meaning a merger which an Investment Corporation effects with another Investment Corporation whereby the Investment Corporation surviving the merger succeeds to any and all of the rights and obligations of the Investment Corporation extinguished as a result of the merger; the same shall apply hereinafter), the following matters shall be provided in the Absorption-Type Merger Agreement:

(i) The trade name and address of the Investment Corporation that is to survive the Absorption-Type Merger (hereinafter referred to as the

- "Investment Corporation Surviving the Absorption-Type Merger") and the Investment Corporation that is to be extinguished in the Absorption-Type Merger (hereinafter referred to as the "Investment Corporation Extinguished in the Absorption-Type Merger");
- (ii) The number of units of Investment Equity of the Investment Corporation Surviving the Absorption-Type Merger to be delivered upon the Absorption-Type Merger by the Investment Corporation Surviving the Absorption-Type Merger to the Investors of the Investment Corporation Extinguished in the Absorption-Type Merger in lieu of the Investment Equity thereof, or the method for calculating such number of units and matters concerning the total amount of investment of said Investment Corporation Surviving the Absorption-Type Merger;
 - (iii) Matters concerning the allotment of Investment Equity prescribed in the preceding item made to the Investors of the Investment Corporation Extinguished in the Absorption-Type Merger (excluding the Investment Corporation Extinguished in the Absorption-Type Merger and the Investment Corporation Surviving the Absorption-Type Merger; the same shall apply in the following paragraph); and
 - (iv) The day on which the Absorption-Type Merger is to become effective (such day shall be referred to as the "Effective Day" in the following Article and Subsection 4).
- (2) In the case referred to in the preceding paragraph, the provisions on the matters listed in item (iii) of that paragraph shall prescribe that the Investment Equity of an Investment Corporation Surviving the Absorption-Type Merger shall be delivered in accordance with the number of units of Investment Equity held by the Investors of the Investment Corporation Extinguished in the Absorption-Type Merger.

(Effectuation, etc. of an Absorption-Type Merger)

- Article 147-2 (1) The Investment Corporation Surviving the Absorption-Type Merger shall succeed to all of the rights and obligations of an Investment Corporation Extinguished in the Absorption-Type Merger on the Effective Day.
- (2) The dissolution of the Investment Corporation Extinguished in the Absorption-Type Merger that results from the Absorption-Type Merger shall not be duly asserted against a third party until the registration of the Absorption-Type Merger has been completed.
 - (3) Investors of an Investment Corporation Extinguished in an Absorption-Type Merger shall become the Investors in the Investment Equity prescribed in Article 147, paragraph (1), item (ii) in accordance with the provisions on the matters listed in paragraph (1), item (iii) of that Article on the Effective Day.
 - (4) The provisions of the preceding three paragraphs shall not apply to cases

where the procedures under Article 149-4 (including the cases where it is applied mutatis mutandis pursuant to Article 149-9) have not been completed yet or where the Absorption-Type Merger has been cancelled.

Subsection 3 Consolidation-Type Mergers

(Consolidation-Type Merger Agreements)

Article 148 (1) In cases where two or more Investment Corporations implement a Consolidation-Type Merger (meaning a merger effected by two or more Investment Corporations whereby the Investment Corporation established through the merger succeeds to all of the rights and obligations of the Investment Corporations that are extinguished in the merger; the same shall apply hereinafter), the Consolidation-Type Merger Agreement shall provide the following matters:

- (i) The trade name and address of the Investment Corporations to be extinguished in the Consolidation-Type Merger (hereinafter referred to as the "Investment Corporations Extinguished in the Consolidation-Type Merger");
- (ii) The purpose, trade name, location of the head office and the Total Number of Units of Authorized Investment Equity of the Investment Corporation established through the Consolidation-Type Merger (hereinafter referred to as the "Investment Corporation Established through the Consolidation-Type Merger");
- (iii) In addition to what is listed in the preceding item, the matters specified by the certificate of incorporation of the Investment Corporation Established through the Consolidation-Type Merger;
- (iv) The names of the Corporate Officer(s) at Establishment, Supervisory Officers at Establishment and Accounting Auditor(s) at Establishment of the Investment Corporation Established through the Consolidation-Type Merger;
- (v) The number of units of Investment Equity of the Investment Corporation Established through the Consolidation-Type Merger to be delivered upon Consolidation-Type Merger by the Investment Corporation Established through the Consolidation-Type Merger to the Investors of the Investment Corporations Extinguished in the Consolidation-Type Merger in lieu of the Investment Equity thereof, or the method for calculating such number of units and matters concerning the total amount of investment of said Investment Corporation Established through the Consolidation-Type Merger; and
- (vi) Matters concerning the allotment of Investment Equity prescribed in the preceding item made to Investors of the Investment Corporations Extinguished in the Consolidation-Type Merger (excluding the Investment

Corporations Extinguished in the Consolidation-Type Merger; the same shall apply in the following paragraph).

- (2) In the case referred to in the preceding paragraph, the provisions on the matters listed in item (vi) of that paragraph shall prescribe that the Investment Equity of an Investment Corporation Established through the Consolidation-Type Merger shall be delivered in accordance with the number of units of Investment Equity held by the Investors of the Investment Corporations Extinguished in the Consolidation-Type Merger.

(Effectuation, etc. of a Consolidation-Type Merger)

Article 148-2 (1) An Investment Corporation Established through a Consolidation-Type Merger shall succeed to all of the rights and obligations of the Investment Corporations Extinguished in the Consolidation-Type Merger on the day of its establishment

- (2) In the case referred to in paragraph (1) of the preceding Article, the Investors of an Investment Corporations Extinguished in the Consolidation-Type Merger shall become the Investors of the Investment Equity prescribed in item (v) of that paragraph in accordance with the provisions on the matters listed in item (vi) of that paragraph on the day of the establishment of the Investment Corporation Established through the Consolidation-Type Merger.

Subsection 4 Absorption-Type Merger Procedures

Division 1 Procedures for Investment Corporation Extinguished in Absorption-Type Mergers

(Keeping and Inspection, etc. of Documents, etc. Concerning Absorption-Type Merger Agreements)

Article 149 (1) An Investment Corporation Extinguished in an Absorption-Type Merger shall keep the documents or Electromagnetic Records in which the contents of the Absorption-Type Merger Agreement and other matters specified by a Cabinet Office Ordinance are stated or recorded at its head office from the earliest of the following days until the Effective Day:

- (i) The day two weeks prior to the day of the Investors' meeting set forth in paragraph (1) of the following Article;
 - (ii) The day of the notice under Article 149-3, paragraph (2) or the day of the public notice under Article 149-3, paragraph (3), whichever comes earlier; or
 - (iii) The day of the public notice under Article 149-4, paragraph (2) or the day of the notice under Article 149-4, paragraph (2), whichever comes earlier.
- (2) The Investors and creditors of an Investment Corporation Extinguished in an Absorption-Type Merger may make the following requests to the Investment Corporation Extinguished in the Absorption-Type Merger at any time during

its business hours; provided, however, that the fees designated by said Investment Corporation Extinguished in the Absorption-Type Merger shall be paid in order to make the requests listed in item (ii) and item (iv):

- (i) Requests for inspection of the documents prescribed in the preceding paragraph;
- (ii) Requests for delivery of a copy or an extract of the documents prescribed in the preceding paragraph;
- (iii) Requests for inspection of the matters recorded in the Electromagnetic Record set forth in the preceding paragraph which are indicated by the method specified by a Cabinet Office Ordinance; and
- (iv) Requests for provision of the matters recorded in the Electromagnetic Record set forth in the preceding paragraph by the Electromagnetic Means specified by an Investment Corporation Extinguished in the Absorption-Type Merger or requests for the delivery of documents stating such matters.

(Approval, etc. of Absorption-Type Merger Agreements)

Article 149-2 (1) An Investment Corporation Extinguished in an Absorption-Type Merger shall obtain approval for the Absorption-Type Merger Agreement by resolution at an Investors' meeting by the day immediately preceding the Effective Day.

- (2) An Investment Corporation Extinguished in an Absorption-Type Merger shall notify its Registered Pledgee of Investment Equity of the fact that an Absorption-Type Merger will be effected, by 20 days prior to the Effective Day.
- (3) The notice set forth in the preceding paragraph may be substituted by a public notice.

(Demands for Purchase of Investment Equity Held by Dissenting Investors)

Article 149-3 (1) In the case of an Absorption-Type Merger, an Investor who has notified the Investment Corporation Extinguished in the Absorption-Type Merger of his/her dissent from the Absorption-Type Merger prior to the Investors' meeting set forth in paragraph (1) of the preceding Article, and who has dissented from said Absorption-Type Merger at said Investors' meeting is entitled to demand that said Investment Corporation Extinguished in the Absorption-Type Merger purchase his/her Investment Equity at a fair price.

- (2) An Investment Corporation Extinguished in the Absorption-Type Merger shall notify its Investors of the fact that an Absorption-Type Merger will be implemented as well as the trade name and address of the Investment Corporation Surviving the Absorption-Type Merger, by twenty days prior to the Effective Day.
- (3) The notice under the preceding paragraph may be substituted by a public notice.

(4) The provisions of Article 785, paragraph (5) through paragraph (7), Article 786, Article 868, paragraph (1), Article 870 (limited to the part pertaining to item (iv)), the main clause of Article 871, Article 872 (limited to the part pertaining to item (iv)), the main clause of Article 873, Article 875, and Article 876 of the Companies Act shall apply mutatis mutandis to the demands under paragraph (1). In this case, any necessary technical replacement of terms shall be specified by a Cabinet Order.

(Objections by the Creditors)

Article 149-4 (1) In the case of an Absorption-Type Merger, creditors of an Investment Corporation Extinguished in the Absorption-Type Merger may state their objections to the Absorption-Type Merger to said Investment Corporation Extinguished in the Absorption-Type Merger.

(2) In the case referred to in the preceding paragraph, an Investment Corporation Extinguished in the Absorption-Type Merger shall give public notice in an official gazette and a separate notice to each of the known creditors of the following matters; provided, however, that the period set forth in item (iii) shall not be shorter than one month:

(i) The fact that an Absorption-Type Merger will be implemented;

(ii) The trade name and address of the Investment Corporation Surviving the Absorption-Type Merger; and

(iii) A statement to the effect that the creditors may state their objections within a certain period of time.

(3) Notwithstanding the provisions of the preceding paragraph, if an Investment Corporation Extinguished in an Absorption-Type Merger gives the public notice under that paragraph by the method of public notice listed in Article 186-2, paragraph (1), item (ii) and item (iii) in accordance with the provisions of the certificate of incorporation pursuant to Article 186-2, paragraph (1), the Investment Corporation Extinguished in the Absorption-Type Merger is not required to give separate notice under the preceding paragraph.

(4) In cases where a creditor has not stated his/her objection within the period prescribed in item (iii) of paragraph (2), said creditor shall be deemed to have approved of the Absorption-Type Merger.

(5) In cases where a creditor states his/her objection within the period specified in item (iii) of paragraph (2), the Investment Corporation Extinguished in the Absorption-Type Merger shall make a payment or provide reasonable security to said creditor, or shall entrust equitable property to a Trust Company, etc. for the purpose of having such creditor receive the payment; provided, however, that this shall not apply where the Absorption-Type Merger is unlikely to harm the creditor.

(Changes to the Effective Day of Absorption-Type Mergers)

- Article 149-5 (1) An Investment Corporation Extinguished in an Absorption-Type Merger may change the Effective Day by an agreement with the Investment Corporation Surviving the Absorption-Type Merger.
- (2) In changing the Effective Day under the preceding paragraph, the Investment Corporation Extinguished in the Absorption-Type Merger shall give public notice of the changed Effective Day by the day immediately preceding the original Effective Day (in cases where the changed Effective Day comes before the original Effective Day, said changed Effective Day).
- (3) When the Effective Day is changed under paragraph (1), the provisions of this Subsection and Article 147-2 shall be applied by deeming the changed Effective Day to be the Effective Day.

Division 2 Procedures for Investment Corporations Surviving Absorption-Type Mergers

(Keeping and Inspection, etc. of Documents, etc. Concerning Absorption-Type Merger Agreements)

- Article 149-6 (1) An Investment Corporation Surviving an Absorption-Type Merger shall keep documents or Electromagnetic Records in which the contents of the Absorption-Type Merger Agreement are stated or recorded and other matters specified by a Cabinet Office Ordinance at its head office from the earliest of the following days until the day on which six months have elapsed from the Effective Day,:
- (i) If the Absorption-Type Merger Agreement is to be approved by resolution at an Investors' meeting, the day two weeks prior to the day of the Investors' meeting;
 - (ii) The day of the notice under Article 149-8, paragraph (2) or the day of the public notice under Article 149-8, paragraph (3), whichever comes earlier; or
 - (iii) The day of the public notice under Article 149-4, paragraph (2) as applied mutatis mutandis pursuant to Article 149-9 or the day of the notice under Article 149-4, paragraph 2), whichever comes earlier.
- (2) Article 149, paragraph (2) shall apply mutatis mutandis to the documents or Electromagnetic Records set forth in the preceding paragraph and kept by an Investment Corporation Surviving an Absorption-Type Merger.

(Approval, etc. of Absorption-Type Merger Agreements)

- Article 149-7 (1) An Investment Corporation Surviving an Absorption-Type Merger shall obtain approval for the Absorption-Type Merger Agreement by resolution at an Investors' meeting by the day immediately preceding the Effective Day.

(2) The provisions of the preceding paragraph shall not apply to cases where the total number of units of the Investment Equity delivered to the Investors of the Investment Corporation Extinguished in the Absorption-Type Merger by the Investment Corporation Surviving the Absorption-Type Merger at the time of the Absorption-Type Merger does not exceed the number obtained by deducting the total number of units of Issued Investment Equity from the Total Number of Units of Authorized Investment Equity of said Investment Corporation Surviving the Absorption-Type Merger. In this case, the Absorption-Type Merger Agreement shall provide to the effect that, with regard to the Investment Corporation Surviving the Absorption-Type Merger, the Absorption-Type Merger will be implemented without obtaining approval under the preceding paragraph.

(Demands for Purchase of Investment Equity Held by Dissenting Investors)

Article 149-8 (1) In the case of an Absorption-Type Merger, an Investor who has notified the Investment Corporation Surviving the Absorption-Type Merger of his/her dissent from the Absorption-Type Merger prior to the Investors' meeting set forth in paragraph (1) of the preceding Article, and who has dissented from said Absorption-Type Merger at said Investors' meeting is entitled to demand that said Investment Corporation Surviving the Absorption-Type Merger purchase his/her Investment Equity at a fair price.

(2) An Investment Corporation Surviving an Absorption-Type Merger shall notify its Investors of the fact that an Absorption-Type Merger will be implemented, as well as the trade name and address of the Investment Corporation Extinguished in the Absorption-Type Merger by twenty days prior to the Effective Day.

(3) The notice under the preceding paragraph may be substituted by a public notice.

(4) The provisions of Article 797, paragraph (5) through paragraph (7), Article 798, Article 868, paragraph (1), Article 870 (limited to the part pertaining to item (iv)), the main clause of Article 871, Article 872 (limited to the part pertaining to item (iv)), the main clause of Article 873, Article 875, and Article 876 of the Companies Act shall apply mutatis mutandis to the demand under paragraph (1). In this case, any necessary technical replacement of terms shall be specified by a Cabinet Order.

(Objections of the Creditors)

Article 149-9 The provisions of Article 149-4 shall apply mutatis mutandis to the Investment Corporation Surviving an Absorption-Type Merger. In this case, the term "Investment Corporation Surviving the Absorption-Type Merger" in Article 149-4, paragraph (2), item (ii) shall be deemed to be replaced with

"Investment Corporation Extinguished in the Absorption-Type Merger".

(Keeping and Inspection, etc. of Documents, etc. Concerning Absorption-Type Mergers)

- Article 149-10 (1) An Investment Corporation Surviving an Absorption-Type Merger shall, without delay after the Effective Day, prepare documents or Electromagnetic Records in which the rights and obligations of the Investment Corporation Extinguished in the Absorption-Type Merger that have been succeeded to by the Investment Corporation Surviving the Absorption-Type Merger as a result of the Absorption-Type Merger and other matters specified by a Cabinet Office Ordinance as being related to the Absorption-Type Merger are stated or recorded.
- (2) The Investment Corporation Surviving the Absorption-Type Merger shall keep the documents or Electromagnetic Records set forth in the preceding paragraph at its head office for a period of six months from the Effective Day.
- (3) The provisions of Article 149, paragraph (2) shall apply mutatis mutandis to the documents or Electromagnetic Records set forth in the preceding paragraph and kept by the Investment Corporation Surviving the Absorption-Type Merger.

Subsection 5 Consolidation-Type Merger Procedures

Division 1 Procedures for Investment Corporations Extinguished in Consolidation-Type Mergers

(Keeping and Inspection, etc. of Documents, etc. Concerning Consolidation-Type Merger Agreements)

- Article 149-11 (1) Investment Corporations Extinguished in a Consolidation-Type Merger shall keep the documents or Electromagnetic Records stating or recording the contents of the Consolidation-Type Merger Agreement and other matters specified by a Cabinet Office Ordinance at their head offices from the earliest of the following days until the day of the establishment of the Investment Corporation Established by the Consolidation-Type Merger:
- (i) The day two weeks prior to the day of the Investors' meeting set forth in paragraph (1) of the following Article;
- (ii) The day of the notice under Article 149-13, paragraph (2) or the day of the public notice under Article 149-13, paragraph (3), whichever comes earlier; or
- (iii) The day of the public notice under Article 149-4, paragraph (2) as applied mutatis mutandis pursuant to Article 149-14 or the day of the notice under Article 149-4, paragraph (2), whichever comes earlier.
- (2) The provisions of Article 149, paragraph (2) shall apply mutatis mutandis to the documents or Electromagnetic Records set forth in the preceding paragraph and kept by Investment Corporations Extinguished in a Consolidation-Type

Merger.

(Approval of Consolidation-Type Merger Agreements)

- Article 149-12 (1) Investment Corporations Extinguished in a Consolidation-Type Merger shall obtain approval for the Consolidation-Type Merger Agreement by resolutions made at their Investors' meetings.
- (2) Investment Corporations Extinguished in a Consolidation-Type Merger shall notify their Registered Pledges of Investment Equity of the fact that a Consolidation-Type Merger will be implemented within two weeks from the day of the resolutions made at their Investors' meetings as set forth in the preceding paragraph.
- (3) The notice set forth in the preceding paragraph may be substituted by a public notice.

(Demands for Purchase of Investment Equity Held by Dissenting Investors)

- Article 149-13 (1) In the case of a Consolidation-Type Merger, an Investor who has notified an Investment Corporation Extinguished in the Consolidation-Type Merger of his/her dissent from the Consolidation-Type Merger prior to an Investors' meeting as set forth in paragraph (1) of the preceding Article and who has dissented from said Consolidation-Type Merger at said Investors' meeting is entitled to demand that said Investment Corporation Extinguished in the Consolidation-Type Merger purchase his/her Investment Equity at a fair price.
- (2) Investment Corporations Extinguished in the Consolidation-Type Merger shall, within two weeks from the day of the resolution made at their Investors' meetings as set forth in paragraph (1) of the preceding Article, notify their Investors of the fact that a Consolidation-Type Merger will be implemented as well as the trade names and addresses of the other Investment Corporations Extinguished in the Consolidation-Type Merger and the Investment Corporation Established by the Consolidation-Type Merger.
- (3) The notice set forth in the preceding paragraph may be substituted by a public notice.
- (4) The provisions of Article 806, paragraph (5) through paragraph (7), Article 807, Article 868, paragraph (1), Article 870 (limited to the part pertaining to item (iv)), the main clause of Article 871, Article 872 (limited to the part pertaining to item (iv)), the main clause of Article 873, Article 875, and Article 876 of the Companies Act shall apply mutatis mutandis to the demand prescribed in paragraph (1). In this case, the terms "paragraph (3)" and "the preceding paragraph" in Article 806, paragraph (5) of that Act shall be deemed to be replaced with "Article 149-13, paragraph (2) of the Investment Corporations Act" and "paragraph (3) of that Article" respectively and any

other necessary technical replacement of terms shall be specified by a Cabinet Order.

(Objections of the Creditors)

Article 149-14 The provisions of Article 149-4 shall apply mutatis mutandis to Investment Corporations Extinguished in a Consolidation-Type Merger. In this case, the term "Investment Corporation Surviving the Absorption-Type Merger" in Article 149-4, paragraph (2), item (ii) shall be deemed to be replaced with "the other Investment Corporation(s) Extinguished in the Consolidation-Type Merger and the Investment Corporation Established by the Consolidation-Type Merger."

Division 2 Procedures for Investment Corporations Established by Consolidation-Type Mergers

(Special Provisions on Establishment of Investment Corporations)

Article 149-15 (1) The provisions of Section 2 (excluding Article 67 (excluding item (v) and item (xvi) through item (xviii) of paragraph (1) and paragraph (3)) and Article 74) shall not apply to the establishment of an Investment Corporation Established by a Consolidation-Type Merger.

(2) Investment Corporations Extinguished in a Consolidation-Type Merger shall prepare the certificate of incorporation for the Investment Corporation Established by the Consolidation-Type Merger.

(Keeping and Inspection, etc. of Documents, etc. Concerning Consolidation-Type Mergers)

Article 149-16 (1) The Investment Corporation Established by a Consolidation-Type Merger shall, without delay after the day of its establishment, prepare documents or Electromagnetic Records in which the rights and obligations of the Investment Corporations Extinguished in the Consolidation-Type Merger that are succeeded to by the Investment Corporation Established by the Consolidation-Type Merger as a result of the Consolidation-Type Merger and other matters specified by a Cabinet Office Ordinance as being related to the Consolidation-Type Merger are stated or recorded.

(2) The Investment Corporation Established by a Consolidation-Type Merger shall keep the documents or Electromagnetic Records set forth in the preceding paragraph and documents or Electromagnetic Records in which the contents of the Consolidation-Type Merger Agreement and other matters specified by a Cabinet Office Ordinance are stated or recorded at its head office for a period of six months from the day of its establishment.

(3) The provisions of Article 149, paragraph (2) shall apply mutatis mutandis to

the documents or Electromagnetic Records set forth in the preceding paragraph and kept by the Investment Corporation Established by a Consolidation-Type Merger.

Subsection 6 Miscellaneous Provisions

(Processing of Fractions of Less than One)

Article 149-17 (1) In cases where an Investment Corporation delivers its Investment Equity to persons specified in the following items while carrying out the acts listed in said items, if the number of units of its Investment Equity that shall be delivered to such persons includes a fraction of less than one unit of Investment Equity, the Investment Corporation shall sell the number of units of the Investment Equity equivalent to the total sum of the fractions (in cases where the total sum includes a fraction less than one, such fraction shall be rounded off) by the method specified by a Cabinet Office Ordinance as being appropriate in order to realize the sale of the Investment Equity at a fair price, and shall deliver the proceeds of that sale to such persons in accordance with the fractions attributed thereto:

- (i) An Absorption-Type Merger (limited to cases where the Investment Corporation survives that Absorption-Type Merger): Investors of the Investment Corporation Extinguished in the Absorption-Type Merger; and
- (ii) An issue of Investment Equity Issued at Establishment under the Consolidation-Type Merger Agreement: Investors of Investment Corporations Extinguished in the Consolidation-Type Merger.

(2) The provisions of Article 88, paragraph (2) and paragraph (3) shall apply mutatis mutandis to the cases set forth in the preceding paragraph.

(Application Mutatis Mutandis of the Companies Act)

Article 150 The provisions of Article 828, paragraph (1) (limited to the part pertaining to item (vii) and item (viii)) and paragraph (2) (limited to the part pertaining to item (vii) and item (viii)), Article 834 (limited to the part pertaining to item (vii) and item (viii)), Article 835, paragraph (1), Article 836 through Article 839, Article 843 (excluding paragraph (1), item (iii) and item (iv) and the proviso to paragraph (2)), Article 846, and Article 937, paragraph (3) (limited to the part pertaining to item (ii) and item (iii)) of the Companies Act shall apply mutatis mutandis to an action seeking invalidation of the merger of Investment Corporations, and the provisions of Article 868, paragraph (5), Article 870 (limited to the part pertaining to item (xv)), the main clause of Article 871, Article 872 (limited to the part pertaining to item (iv)), the main clause of Article 873, Article 875, and Article 876 of that Act shall apply mutatis mutandis to the petition filed under Article 843, paragraph

(4) of that Act as applied mutatis mutandis pursuant to this Article. In this case, any necessary technical replacement of terms shall be specified by a Cabinet Order.

Section 12 Liquidation

Subsection 1 General Rules

(Causes for Commencement of Liquidation)

Article 150-2 In cases listed in the following items, an Investment Corporation must go into liquidation pursuant to the provisions of this Section:

- (i) In cases where the Investment Corporation has been dissolved (excluding cases where the Investment Corporation has been dissolved on the grounds listed in Article 143, item (iv) and where the Investment Corporation has been dissolved as a result of a ruling for commencement of bankruptcy proceedings and such bankruptcy proceedings have yet to be closed); or
- (ii) In cases where a judgment allowing an action seeking invalidation of the establishment of an Investment Corporation has become final and binding.

(Capacity of Investment Corporations in Liquidation)

Article 150-3 An Investment Corporation that goes into liquidation under the preceding Article (hereinafter referred to as a "Investment Corporation in Liquidation") shall be deemed to continue to exist within the scope of its purpose of liquidation, until the completion of the liquidation.

(Establishment of Administrative Instruments Other than Investors' Meetings)

Article 150-4 (1) An Investment Corporation in Liquidation shall have the following administrative instruments:

- (i) One or more executive liquidators;
 - (ii) Liquidation supervisors of at least one more than the number of executive liquidators;
 - (iii) Board of liquidators; and
 - (iv) Accounting Auditor(s).
- (2) The provisions of Article 95 shall not apply to Investment Corporations in Liquidation.

(Assumption of Office of Executive Liquidator(s), etc.)

Article 151 (1) The following persons shall become the executive liquidator(s) of a Investment Corporation in Liquidation:

- (i) Corporate officers (excluding cases where a person listed in the following item or item (iii) exists)
- (ii) A person specified by the certificate of incorporation; or

- (iii) A person appointed by resolution at an Investors' meeting.
- (2) The following persons shall become the liquidation supervisors of an Investment Corporation in Liquidation:
 - (i) Supervisory officers (excluding cases where the person listed in the following item or item (iii) exists);
 - (ii) A person specified by the certificate of incorporation; or
 - (iii) A person appointed by resolution at an Investors' meeting.
- (3) In the absence of an executive liquidator(s) under paragraph (1) or liquidation supervisors under the preceding paragraph, except in cases where a special liquidation has been commenced, the Prime Minister shall appoint the executive liquidator(s) or liquidation supervisors in response to a petition filed by interested persons or ex officio.
- (4) Notwithstanding the provisions of the preceding three paragraphs, except in cases where a special liquidation has been commenced, with regard to an Investment Corporation in Liquidation that has been dissolved on the grounds listed in Article 143, item (vi) or an Investment Corporation in Liquidation that has come to fall under the cases listed in Article 150-2, item (ii), the Prime Minister shall appoint the executive liquidator(s) and liquidation supervisors in response to a petition filed by interested persons or ex officio.
- (5) Notwithstanding the provisions of paragraph (1) through paragraph (3), except in cases where a special liquidation has been commenced, with regard to an Investment Corporation in Liquidation that has been dissolved on the grounds listed in Article 143, item (vii) or item (viii), the Prime Minister shall appoint the executive liquidator(s) and liquidation supervisors ex officio.
- (6) Article 97 shall apply mutatis mutandis to an executive liquidator(s) and the liquidation supervisors, Article 98 shall apply mutatis mutandis to an executive liquidator(s), and Article 100 shall apply mutatis mutandis to the liquidation supervisors, respectively. In this case, any necessary technical replacement of terms shall be specified by a Cabinet Order.

(Notification of Executive Liquidator(s), etc.)

Article 152 An executive liquidator(s) and the liquidation supervisors (excluding those appointed by the Prime Minister and the executive liquidator(s) and the liquidation supervisors in cases where a special liquidation has been commenced) shall notify the Prime Minister of the following matters within two weeks from the day of assuming office; provided, however, that this shall not apply to cases where a special liquidation has been commenced within that period

- (i) The grounds for the dissolution (or if an Investment Corporation in Liquidation has come to fall under the cases listed in Article 150-2, item (ii), to that effect) and the date thereof;

- (ii) The names and addresses of the executive liquidator(s) and liquidation supervisors.

(Dismissal, etc. of Executive Liquidator(s), etc.)

Article 153 (1) Except in cases where a special liquidation has been commenced, the Prime Minister may, when he/she finds material grounds, dismiss the executive liquidator(s) or liquidation supervisors in response to a petition filed by interested persons or ex officio. In this case, the Prime Minister may appoint a new executive liquidator(s) or liquidation supervisors.

(2) Article 108, paragraph (1) and paragraph (2) of this Act and the provisions of Article 346, paragraph (3), and Article 479, paragraph (1) of the Companies Act shall apply mutatis mutandis to an executive liquidator or liquidation supervisor. In this case, the term "the Prime Minister" in Article 108, paragraph (2) of this Act shall be deemed to be replaced with "the Prime Minister (in cases where a special liquidation has been commenced, the court)," the term "the preceding paragraph" in Article 346, paragraph (3) of the Companies Act shall be deemed to be replaced with "Article 108, paragraph (2) as applied mutatis mutandis by replacing certain terms pursuant to Article 153, paragraph (2) of the Investment Corporations Act," the phrase "the court pursuant to the provisions of paragraphs (2) through (4) of the preceding Article" in Article 479, paragraph (1) of the Companies Act shall be deemed to be replaced with "the Prime Minister or the court," and any other necessary technical replacement of terms shall be specified by a Cabinet Order.

(Duties of Executive Liquidators)

Article 153-2 An executive liquidator(s) shall perform the following duties:

- (i) Conclusion of current business;
- (ii) Collection of debts and performance of obligations; and
- (iii) Distribution of residual assets.

Article 153-3 (1) An executive liquidator shall execute the business of an Investment Corporation in Liquidation and represent the Investment Corporation in Liquidation.

(2) Article 109, paragraph (3) of this Act and the provisions of Article 349, paragraph (4) and paragraph (5), Article 355, Article 360, paragraph (1), and Article 484 of the Companies Act shall apply mutatis mutandis to an executive liquidator and the provisions of Article 352, Article 868, paragraph (1), Article 869, Article 871, Article 874 (limited to the part pertaining to item (iv)), Article 875, and Article 876 of that Act shall apply mutatis mutandis to the person who performs duties on behalf of an executive liquidator. In this case, the phrase "substantial detriment" in Article 360, paragraph (1) of that Act shall

be deemed to be replaced with "irreparable harm," and any other necessary technical replacement of terms shall be specified by a Cabinet Order.

(Remuneration for Executive Liquidator(s))

- Article 154 (1) The amount of remuneration for an executive liquidator(s) (excluding one appointed by the Prime Minister or the court) shall be decided, if the certificate of incorporation has not stipulated the amount but has set forth the criterion for such payment, by a resolution of the board of liquidators in accordance with said criterion, and if the certificate of incorporation has not stipulated the amount nor said criterion, by resolution at an Investors' meeting.
- (2) When the Prime Minister has appointed an executive liquidator(s) pursuant to Article 151, paragraph (3) through paragraph (5) or Article 153, paragraph (1), he/she may, pursuant to the provisions of a Cabinet Office Ordinance, decide the amount of remuneration to be paid to said executive liquidator(s) by the Investment Corporation in Liquidation.

(Duties of Liquidation Supervisors)

- Article 154-2 (1) A liquidation supervisor shall supervise the execution of the duties of the executive liquidator(s).
- (2) The provisions of Article 111, paragraph (2) and the preceding Article of this Act and the provisions of Article 355, Article 381, paragraph (3) and paragraph (4), and Article 384 through Article 386 of the Companies Act shall apply mutatis mutandis to the liquidation supervisors. In this case, any necessary technical replacement of terms shall be specified by a Cabinet Order.

(Board of Liquidators)

- Article 154-3 (1) The board of liquidators shall be composed of all the executive liquidator(s) and the liquidating supervisors.
- (2) The provisions of Article 113, Article 114, paragraph (1) of this Act and the provisions of Article 368 and Article 369 of the Companies Act shall apply mutatis mutandis to a board of liquidators, and Article 371 (excluding paragraph (3)) of that Act shall apply mutatis mutandis to an Investment Corporation in Liquidation. In this case, the phrase "of the directors" in Article 369, paragraph (1) of that Act shall be deemed to be replaced with "of the members," the terms "Directors" in Article 369, paragraph (2) of that Act and "the directors and company auditors" in paragraph (3) of that Article shall be deemed to be replaced with "the executive liquidator(s) and liquidation supervisors," the term "Directors" in paragraph (5) of that Article shall be deemed to be replaced with "Executive liquidators and liquidation supervisors," the phrase "at any time during the business hours of a Stock Company" in Article 371, paragraph (2) of that Act shall be deemed to be replaced with "with

the permission of the Prime Minister (in cases where a special liquidation has been commenced, the court; the same shall apply in paragraph (4) and paragraph (6)), " the term "the court" in Article 371, paragraph (4) and paragraph (6) of that Act shall be deemed to be replaced with "the Prime Minister," and any other necessary technical replacement of terms shall be specified by a Cabinet Order.

- (3) In cases where the Prime Minister renders a disposition with regard to a petition filed for the permission under Article 371, paragraph (2) or paragraph (4) (including the cases where it is applied mutatis mutandis pursuant to paragraph (5) of that Article) of the Companies Act as applied mutatis mutandis by replacing certain terms pursuant to the preceding paragraph, he/she shall hear statements from the Investment Corporation in Liquidation related to said petition.

(Executive Liquidator, etc. Liability for Damages to Investment Corporations in Liquidation)

Article 154-4 (1) When an executive liquidator or liquidation supervisor neglects his/her duties, he/she shall be liable to the Investment Corporation in Liquidation for damages arising as a result thereof.

- (2) An exemption from the liability prescribed in the preceding paragraph shall not be given without the consent of all Investors.

(Executive Liquidator, etc. Liability for Damages to a Third Party)

Article 154-5 (1) When an executive liquidator or the liquidation supervisor has performed his/her duties in bad faith or has been grossly negligent, said executive liquidator or liquidation supervisor shall be liable to a third party for damages arising as a result thereof.

- (2) The provisions of the preceding paragraph shall also apply when an executive liquidator or liquidation supervisor has carried out the following acts; provided, however, that this shall not apply to cases where the relevant executive liquidator or liquidation supervisor has proved that he/she did not fail to exercise due care in the course of such acts:

- (i) Making false statements or records on important matters to be stated or recorded in the Inventory of Property, etc. set forth in Article 155, paragraph (1);
- (ii) Making a false registration; or
- (iii) Giving false public notice.

(Joint and Several Liability of Executive Liquidator(s), etc.)

Article 154-6 (1) In cases where an executive liquidator(s), liquidation supervisors, or accounting auditor(s) is liable for damages which have arisen in

an Investment Corporation in Liquidation or a third party, if other executive liquidator(s), liquidation supervisors or accounting auditor(s) are also liable for such damages, such persons shall be joint and several obligors.

- (2) In the case referred to in the preceding paragraph, the provisions of Article 115-8 shall not apply.

(Action Pursuing the Liability of Executive Liquidator(s), etc.)

Article 154-7 The provisions of Part VII, Chapter II, Section 2 (excluding Article 847, paragraph (2), Article 849, paragraph (2), item (ii) and paragraph (5), and Article 851, paragraph (1), item (i) and paragraph (2)) of the Companies Act shall apply mutatis mutandis to an action pursuing the liability of an executive liquidator(s) or liquidation supervisors. In this case, any necessary technical replacement of terms shall be specified by a Cabinet Order.

(Applications of Provisions Regarding Corporate Officer(s), etc.)

Article 154-8 With regard to an Investment Corporation in Liquidation, out of the provisions of Article 77-2, paragraph (4) and the provisions of Section 4, Subsection 1, the provisions regarding corporate officer(s), supervisory officers or the board of officers shall apply to an executive liquidator(s), liquidation supervisors or the board of liquidators as the provisions regarding an executive liquidator(s), liquidation supervisors or board of liquidators.

(Preparation, etc. of an Inventory of Property, etc.)

Article 155 (1) An executive liquidator(s) shall, without delay after assuming office, investigate the status of the property of the Investment Corporation in Liquidation at that time, and shall prepare an inventory of property and a balance sheet (hereinafter collectively referred to as the "Inventory of Property, etc." in this Article and the following Article) as of the day when the Investment Corporation in Liquidation has come to fall under the cases listed in the items of Article 150-2, pursuant to the provisions of a Cabinet Office Ordinance.

- (2) The Inventory of Property, etc. shall be audited by an accounting auditor pursuant to the provisions of a Cabinet Office Ordinance.
- (3) An executive liquidator shall submit or provide the Inventory of Property, etc. audited under the preceding paragraph and accounting audit reports to the board of liquidators and obtain approval therefrom.
- (4) Except in cases where a special liquidation has been commenced, when an executive liquidator has obtained the approval set forth in the preceding paragraph, he/she shall submit the Inventory of Property, etc., and the accounting audit report under that paragraph to the Prime Minister without delay.

(5) An Investment Corporation in Liquidation shall, within the period from the time of the preparation of an Inventory of Property, etc. until the time of registration of the completion of liquidation, preserve said Inventory of Property, etc.

(Order to Submit an Inventory of Property, etc.)

Article 156 The court may, in response to a petition or ex officio, order the parties to a legal action to submit the whole or part of their Inventory of Property, etc.

(Performance of Obligations, etc.)

Article 157 (1) An Investment Corporation in Liquidation shall, without delay after it has come to fall under the cases listed in the items of Article 150-2, give public notice in an official gazette to the creditors of said Investment Corporation in Liquidation to the effect that the creditors should state their claims within a certain period of time, and shall give a separate notice to each of the known creditors; provided, however, that such period shall not be shorter than one month.

(2) The public notice prescribed in the preceding paragraph must contain a supplementary note to the effect that said creditors shall be excluded from the liquidation unless they state their claims within said period.

(3) The provisions of Article 500 through Article 503 of the Companies Act shall apply mutatis mutandis to the performance of its obligations by an Investment Corporation in Liquidation. In this case, the phrases "paragraph (1) of the preceding Article" in Article 500, paragraph (1) and paragraph (2) of that Act and "paragraph (1) of Article 499" in Article 503, paragraph (1) of that Act shall be deemed to be replaced with "Article 157, paragraph (1) of the Investment Corporations Act," the term "the court" in Article 500, paragraph (2) and Article 501, paragraph (1) of the Companies Act shall be deemed to be replaced with "the Prime Minister (or the court in cases when a special liquidation is commenced)," and any other technical replacement of terms shall be specified by a Cabinet Order.

(Distribution of Residual Assets)

Article 158 (1) When an Investment Corporation in Liquidation intends to distribute residual assets it shall provide for the following matters by a resolution of the board of liquidators:

(i) The type of residual assets; and

(ii) Matters concerning the allotment of residual assets to Investors.

(2) The provisions on the matters listed in item (ii) of the preceding paragraph shall stipulate that the allotment of residual assets shall be made in proportion

to the number of units of Investment Equity held by the Investors (excluding said Investment Corporation in Liquidation).

- (3) The provisions of Article 505 and Article 506 of the Companies Act shall apply mutatis mutandis to an Investment Corporation in Liquidation. In this case, any necessary technical replacement of terms shall be specified by a Cabinet Order.

(Preparation, etc. of a Statement of Accounts)

Article 159 (1) When the administration of a liquidation has been concluded, the Investment Corporation in Liquidation shall prepare a statement of its accounts pursuant to the provisions of a Cabinet Office Ordinance without delay.

- (2) Except in cases where a special liquidation has been commenced, the statement of accounts shall be audited by an accounting auditor pursuant to the provisions of a Cabinet Office Ordinance.
- (3) An executive liquidator(s) shall submit or provide the statement of accounts audited under the preceding paragraph and the accounting audit reports (or the account statements alone in cases where a special liquidation has been commenced) to the board of liquidators and obtain approval therefrom.
- (4) In cases where the executive liquidator(s) (excluding the executive liquidator(s) in the case where a special liquidation has been commenced; the same shall apply in the following paragraph and paragraph (1) and paragraph (4) of the following Article) has obtained the approval set forth in the preceding paragraph, if in the accounting audit report under the preceding paragraph which is related to said approval it is stated or recorded to the effect that the statement of accounts does not indicate the correct status of the settlement, in violation of laws, regulations, or the certificate of incorporation, the executive liquidator(s) shall submit or provide the statement of accounts audited under paragraph (2) and the accounting auditor report to the Investors' meeting, and shall obtain approval thereat.
- (5) When the approval under paragraph (3) (in the case referred to in the preceding paragraph, approval at an Investors' meeting under that paragraph) has been given, an exemption shall be deemed to have been granted on the executive liquidator's liability for failure to perform his/her duties; provided, however, that this shall not apply to cases where wrongful acts have been committed in relation to the execution of duties of the executive liquidator(s).

(Notice, etc. of Conclusion of Liquidation)

Article 160 (1) When an executive liquidator(s) has obtained the approval set forth in paragraph (3) of the preceding Article, he/she shall, without delay, notify the Investors to the effect that the administration of liquidation has

been concluded; provided, however, that this shall not apply to the cases set forth in paragraph (4) of that Article.

(2) Article 131, paragraph (4) shall apply mutatis mutandis to the notice set forth in the main clause of the preceding paragraph.

(3) In giving the notice as prescribed in the main clause of paragraph (1), the statement of accounts and the accounting audit report under paragraph (3) of the preceding Article shall be provided to the Investors, pursuant to the provisions of a Cabinet Office Ordinance.

(4) When an executive liquidator has obtained the approval set forth in paragraph (3) of the preceding Article (in the cases referred to in paragraph (4) of that Article, approval at an Investors' meeting under that paragraph), he/she shall submit transcripts of the statement of accounts and the accounting audit report related to said approval to the Prime Minister without delay.

(Preservation of Accounting Materials)

Article 161 Article 508 of the Companies Act shall apply mutatis mutandis to the preservation of the books of the Investment Corporation in Liquidation and important materials related to its business and liquidation. In this case, the term "The court may, in response to the petition by the interested parties" in Article 508, paragraph (2) of that Act shall be deemed to be replaced with "The Prime Minister (or the court in cases where a special liquidation is commenced) may, in response to a petition filed by interested persons or ex officio (in cases where a special liquidation has been commenced, in response to a petition filed by an interested person)," and any other necessary technical replacement of terms shall be specified by a Cabinet Order.

(Supervision Order for Liquidation)

Article 162 In cases of the liquidation of an Investment Corporation (excluding special liquidations), if the Prime Minister finds it necessary, he/she may order said Investment Corporation, its Administrative Agent, Asset Management Company, or Asset Custody Company to deposit its property or to take other measures necessary for the supervision of the liquidation.

(Application Mutatis Mutandis of the Companies Act)

Article 163 The provisions of Article 868, paragraph (1), Article 869, Article 870 (limited to the part pertaining to item (i), item (ii), item (viii), and item (ix)), Article 871, Article 872 (limited to the part pertaining to item (iv)), Article 873, Article 874 (limited to the part pertaining to item (i) and item (iv)), Article 875, and Article 876 of the Companies Act shall apply mutatis mutandis to the liquidation of an Investment Corporation. In this case, any necessary technical replacement of terms shall be specified by a Cabinet Order.

Subsection 2 Special Liquidation

- Article 164 (1) If the court finds that the following grounds exist in an Investment Corporation in Liquidation, the court may order said Investment Corporation in Liquidation to commence a special liquidation in response to a petition filed under Article 514 of the Companies Act as applied mutatis mutandis pursuant to paragraph (4):
- (i) The existence of circumstances that are likely to cause substantial detriment to the implementation of liquidation; or
 - (ii) The suspicion that the Investment Corporation is Insolvent (meaning in a state where the assets of the Investment Corporation in Liquidation are not sufficient to fully repay its debts; the same shall apply in paragraph (3));
- (2) The creditors, executive liquidator(s), liquidation supervisors, and Investors may file a petition for the commencement of a special liquidation.
- (3) If it is suspected that the Investment Corporation in Liquidation is Insolvent, an executive liquidator(s) shall file a petition to commence a special liquidation.
- (4) The provisions of Article 512 through Article 518, the provisions of Subsection 2 through Subsection 10 of Part II, Chapter IX, Section 2 (excluding Article 522, paragraph (3) through Article 536, paragraph (3)), the provisions of Part VII, Chapter II, Section 4, the provisions of Chapter III, Section 1 of that Part (excluding Article 870, paragraph (2) through paragraph (5) and Article 870 through Article 874), the provisions of Section 3 of that Chapter (excluding Article 879, Article 880, Article 882, paragraph (2), and Article 896, paragraph (2)), and Article 938 (excluding paragraph (6)) of the Companies Act shall apply mutatis mutandis to the special liquidation of an Investment Corporation in Liquidation. In this case, the term "paragraph (3) of Article 492" in Article 521 of that Act shall be deemed to be replaced with "Article 155, paragraph (3) of the Investment Corporations Act," the phrase "or shareholders who have held, for the consecutive period of past six months or more (or, in cases where a shorter period is provided for in the articles of incorporation, such period), not less than three-hundredths (3/100) of the voting rights of all shareholders (excluding the shareholders that cannot exercise voting rights on all matters on which resolutions can be passed at the shareholders meeting; or, in cases where any proportion less than that is provided for in the articles of incorporation, such proportion) or shareholders who have held, for the consecutive period of past six months or more (or, in cases where a shorter period is provided for in the articles of incorporation, such period), not less than three-hundredths (3/100) of the issued shares (excluding treasury shares; or, in cases where a lower proportion is provided for in the articles of incorporation, such proportion)" in Article 522, paragraph (1) of the Companies

Act shall be deemed to be replaced with "or Investors who have held, for a consecutive period of the past six months or more (in cases where a shorter period is provided for in the certificate of incorporation, such period), not less than three-hundredths (in cases where a lower proportion is provided for in the certificate of incorporation, such proportion) of the units of Issued Investment Equity," the term "liquidators" in Article 523 and Article 526, paragraph (1) of the Companies Act shall be deemed to be replaced with "executive liquidator(s) and liquidation supervisors," the term "liquidators" in Article 524 of that Act shall be deemed to be replaced with "executive liquidator(s) or liquidation supervisors," the terms "liquidators" and "liquidators' agent" in Article 525, paragraph (1) of that Act shall be deemed to be replaced with "executive liquidators" and "executive liquidators' agent" respectively, the phrase "liquidators and Company Auditors of a Liquidating Stock Company and employees, including managers," in Article 530, paragraph (1) of that Act shall be deemed to be replaced with "executive liquidator(s) and liquidation supervisors of an Investment Corporation in Liquidation as well as the Administrative Agent, Asset Management Company, and Asset Custody Company," the phrase "directors upon incorporation, Company Auditors upon incorporation, Qualified Officers provided for in paragraph (1) of Article 423 or liquidators" in Article 542, paragraph (1) of the Companies Act shall be deemed to be replaced with "Corporate Officer(s) at Establishment, Supervisory Officers at Establishment, Officers, etc. specified in Article 115-6, paragraph (1) of the Investment Corporations Act, executive liquidator(s), or liquidation supervisors," the phrases "the liquidators provided for in paragraph (1) of Article 492" and "that paragraph" in Article 562 of the Companies Act shall be deemed to be replaced with "the executive liquidator(s)" and "Article 155, paragraph (1) of the Investment Corporations Act," the phrase "the head office (or, in cases set forth in item (iii), if a ruling to conclude special liquidation is made due to completion of a special liquidation, the head office and branch office(s))" in Article 938, paragraph (1) of the Companies Act shall be deemed to be replaced with "the head office," the phrase "Article 351(2) as applied mutatis mutandis pursuant to Article 346(2) or Article 483(6) as applied mutatis mutandis pursuant to Article 479(4)" in Article 938, paragraph (2), item (i) of the Companies Act shall be deemed to be replaced with "Article 108, paragraph (2) of the Investment Corporations Act as applied mutatis mutandis by replacing certain terms pursuant to Article 153, paragraph (2) of the Investment Corporations Act," and any other necessary technical replacement of terms shall be specified by a Cabinet Order.

Section 13 Registration

(Registration of Investment Corporations)

Article 165 The provisions of Article 908 through Article 910 of the Companies Act shall apply mutatis mutandis to the registration of an Investment Corporation. In this case, the term "this Act" in these provisions shall be deemed to be replaced with "the Investment Corporations Act."

(Registration of Establishment)

Article 166 (1) The registration of the establishment of an Investment Corporation shall be completed at the location of its head office within two weeks from whichever of the following days that comes later:

(i) The day on which the investigation under Article 73, paragraph (1) ended;

(ii) In cases where an Organizational Meeting has been called pursuant to Article 73, paragraph (3), the day on which said Organizational Meeting concluded; or

(iii) In cases where a resolution has been made at an Organizational Meeting under Article 97 of the Companies Act as applied mutatis mutandis pursuant to Article 69, paragraph (7), the day on which two weeks have elapsed from the day of said resolution.

(2) The following matters shall be registered upon registration as set forth in the preceding paragraph:

(i) The purpose;

(ii) The trade name;

(iii) The location of the head office;

(iv) When there are any provisions in the certificate of incorporation with regard to the duration or grounds for dissolution of an Investment Corporation, such provisions;

(v) The Minimum Net Assets;

(vi) The Total Number of Units of Authorized Investment Equity;

(vii) To the effect that the Investment Equity shall or shall not be refunded in response to a demand made by an Investor;

(viii) The name and address of the Administrator of the Investors' Registry, etc.

(meaning the person who prepares and keeps the Investors' registry and the Investment Corporation Bonds registry, and who administers other affairs related to the Investors' registry and Investment Corporation Bonds registry on behalf of the Investment Corporation; the same shall apply in Article 173, paragraph (1), item (vi)) as well as the business office thereof;

(ix) The name and address of the corporate officer(s);

(x) The names of the supervisory officers;

(xi) The name(s) of the accounting auditor(s);

(xii) If an Investment Corporation has a person who is to temporarily perform the duties of an accounting auditor and who has been appointed pursuant to

- Article 108, paragraph (3), his/her name;
- (xiii) When there are provisions in the certificate of incorporation with regard to a corporate officer(s), supervisory officers, or an accounting auditor(s) being exempt from liability under Article 115-6, paragraph (7), such provisions;
 - (xiv) When there are provisions in the certificate of incorporation with regard to the conclusion of contracts for the limitation of liabilities assumed by an accounting auditor under Article 427, paragraph (1) as applied mutatis mutandis pursuant to Article 115-6, paragraph (12), such provisions;
 - (xv) When there are provisions in the certificate of incorporation with regard to the Method of Public Notice (meaning the method of public notice (excluding public notices which are required to be effected by publishing them in the official gazette pursuant to the provisions of this Act or any other Acts) used by an Investment Corporation; hereinafter the same shall apply in this Part) under Article 186-2, paragraph (1);
 - (xvi) If the provisions of the certificate of incorporation set forth in the preceding item provide that the Electronic Public Notice shall be the Method of Public Notice, the following matters:
 - (a) Matters which are necessary for ensuring that public notice of the information is given through an Electronic Public Notice available to many and unspecified persons as prescribed in Article 911, paragraph (3), item (a) of the Companies Act; and
 - (b) If there are any provisions of the certificate of incorporation pursuant to the second sentence of Article 186-2, paragraph (2), such provisions; and
 - (xvii) If there are no provisions in the certificate of incorporation set forth in item (xv), a statement to the effect that the methods listed in Article 186-2, paragraph (1), item (i) under paragraph (3) of that Article shall be the Method of Public Notice.

(Registration of Changes, etc.)

Article 167 (1) When there are any changes to the matters listed in the items of paragraph (2) of the preceding Article with regard to an Investment Corporation, the registration of such changes shall be completed at the location of its head office within two weeks.

(2) Article 916 (limited to the part pertaining to item (i)) of the Companies Act shall apply mutatis mutandis to Investment Corporations, and Article 917 (limited to the part pertaining to item (i)) of that Act shall apply mutatis mutandis to corporate officers and supervisory officers. In this case, the phrase "the items of Article 911(3)" in Article 916, item (i) of the Companies Act shall be deemed to be replaced with "the items of Article 166, paragraph (2) of the Investment Corporations Act."

(Registration of Dissolution)

Article 168 When an Investment Corporation has been dissolved under the provisions of Article 143, item (i) through item (iii), the registration of dissolution shall be completed at the location of its head office within two weeks thereof.

(Registration of Merger)

Article 169 (1) When two or more Investment Corporations have implemented an Absorption-Type Merger, the registration of dissolution shall be completed with regard to the Investment Corporation Extinguished in the Absorption-Type Merger and the registration of change shall be completed with regard to the Investment Corporation Surviving the Absorption-Type Merger, at the location of the head office within two weeks from the day on which the Absorption-Type Merger has become effective.

(2) If two or more Investment Corporations have implemented a Consolidation-Type Merger, the registration of dissolution shall be completed with regard to the Investment Corporations Extinguished in the Consolidation-Type Merger and the registration of establishment shall be completed with regard to the Investment Corporation Established by the Consolidation-Type Merger at the location of the head office within two weeks from the days listed in the following items, whichever comes later:

- (i) The day of resolution at an Investors' meeting, as set forth in Article 149-12, paragraph (1);
- (ii) The day when twenty days have elapsed from the day on which the notice under Article 149-13, paragraph (2) or the public notice under paragraph (3) of that Article has been given;
- (iii) The day on which the procedures under Article 149-4 as applied mutatis mutandis pursuant to Article 149-14 have been completed; or
- (iv) The day specified by an agreement between or among the Investment Corporations Extinguished in the Consolidation-Type Merger.

(Registration of Executive Liquidator(s), etc.)

Article 170 (1) The name and address of the executive liquidator(s) shall be registered at the location of the head office, within two weeks from the day of the dissolution of the Investment Corporation in Liquidation when the corporate officer(s) has become the executive liquidator(s), or within two weeks of the appointment when the executive liquidator(s) has been appointed.

(2) The names of the liquidation supervisors shall be registered at the location of the head office, within two weeks from the day of the dissolution of the Investment Corporation in Liquidation when the supervisory officers have

become the liquidation supervisors, or within two weeks of the appointment when liquidation supervisors have been appointed respectively.

(3) Article 167, paragraph (1) of this Act shall apply mutatis mutandis to the registration set forth in the preceding two paragraphs and Article 917 (limited to the part pertaining to item (i)) of the Companies Act shall apply mutatis mutandis to the executive liquidator(s) or liquidation supervisors respectively. In this case, any necessary technical replacement of terms shall be specified by a Cabinet Order.

(Registration of the Completion of Liquidation)

Article 171 When the liquidation of an Investment Corporation in Liquidation has been completed, the completion of the liquidation shall be registered at the location of its head office within two weeks after the approval under Article 159, paragraph (3) (in the cases referred to in Article 159, paragraph (4), the approval of the Investors' meeting under that paragraph) is given.

(Registry)

Article 172 An Investment Corporation's registry shall be kept at a registry office.

(Application for Registration of Establishment)

Article 173 (1) The following documents shall, unless otherwise provided for in laws and regulations, be attached to the application for registration set forth in Article 166, paragraph (1):

- (i) A certificate of incorporation;
- (ii) Documents proving that the notification made to the Prime Minister under Article 69, paragraph (1) has been accepted;
- (iii) Documents proving applications for subscription of Investment Equity Solicited at Establishment;
- (iv) Documents stating the results of the investigation report carried out by the Corporate Officer(s) at Establishment and Supervisory Officers at Establishment, and its attached documents;
- (v) A certificate of the deposit of monies as prescribed in Article 64, paragraph (1) of the Companies Act as applied mutatis mutandis pursuant to Article 71, paragraph (10);
- (vi) Documents proving the contract concluded with the Administrator of the Investors' Registry, etc.;
- (vii) Documents related to the appointment of the Corporate Officer(s) at Establishment, Supervisory Officers at Establishment, and an Accounting Auditor(s) at Establishment;
- (viii) When an Organizational Meeting has been called, the minutes thereof;

- (ix) Documents proving that the Corporate Officer(s) at Establishment and Supervisory Officers at Establishment who have been appointed under the provisions of this Act have consented to assuming the office;
- (x) The following documents with regard to an Accounting Auditor(s) at Establishment:
 - (a) Documents proving that the Accounting Auditor at Establishment has consented to assuming the office;
 - (b) If the Accounting Auditor at Establishment is a juridical person, a certificate of the registered matters of said juridical person; provided, however, that this shall not apply when the principal office of said juridical person is located within the jurisdictional district of the respective registry office; or
 - (c) If the Accounting Auditor at Establishment is not a juridical person, documents proving that he/she is a person as prescribed in Article 102, paragraph (1).
- (2) In cases where the resolution is deemed to have been made at an Organizational Meeting under Article 82, paragraph (1) of the Companies Act as applied mutatis mutandis pursuant to Article 73, paragraph (4), documents proving the applicability of said cases shall be attached to the application for registration prescribed in the preceding paragraph in lieu of the minutes set forth in item (viii) of that paragraph.

(Application for the Registration of a Merger)

Article 174 The following documents shall be attached to the application for a registration of changes resulting from an Absorption-Type Merger:

- (i) The written Absorption-Type Merger Agreement;
- (ii) In the case referred to in Article 149-7, paragraph (2), documents proving the applicability of the cases prescribed in that paragraph;
- (iii) If a public notice and notice (in cases where a public notice is given in addition to publication in the official gazette, by publication in a daily newspaper that publishes matters on current affairs or by Electronic Public Notice, under Article 149-4, paragraph (3) as applied mutatis mutandis pursuant to Article 149-9, the public notice made by such methods) have been given under Article 149-4, paragraph (2) as applied mutatis mutandis pursuant to Article 149-9, and a creditor has stated his/her objection, documents proving that a payment has been made, that reasonable security has been provided to said creditor, that equivalent property has been entrusted for the purpose of having said creditor receive payment, or that the Absorption-Type Merger is not likely to harm said creditor;
- (iv) When the Minimum Net Assets are to increase in the Absorption-Type Merger, documents proving the existence of net assets exceeding the

- increased Minimum Net Assets;
- (v) The certificate of registered matters of the Investment Corporation Extinguished in the Absorption-Type Merger; provided, however, that this shall not apply when the head office of the Investment Corporation Extinguished in the Absorption-Type Merger is located within the jurisdictional district of the registry office;
 - (vi) Documents proving that the approval set forth in Article 149-2, paragraph (1) has been given;
 - (vii) With regard to the Investment Corporation Extinguished in the Absorption-Type Merger, if the public notice or notice under Article 149-4, paragraph (2) (in cases where the public notice is given in addition to publication in the official gazette, by publication in a daily newspaper publishing matters on current affairs or by Electronic Public Notice pursuant to Article 149-4, paragraph (3), the public notice given by these methods) is given and a creditor has stated his/her objection, documents proving that a payment has been made, that reasonable security has been provided to said creditor, that equivalent property has been entrusted for the purpose of having said creditor receive payment, or that the Absorption-Type Merger is not likely to harm said creditor; and
 - (viii) With regard to the Investment Corporation Extinguished in the Absorption-Type Merger, documents proving that the public notice set forth in the main clause of Article 87, paragraph (1) has been given or documents proving that Investment Securities have not been issued for any of its Investment Equity.

Article 175 The following documents shall be attached to the application for the registration of establishment as a result of a Consolidation-Type Merger:

- (i) The written Consolidation-Type Merger Agreement;
- (ii) The certificate of incorporation;
- (iii) Documents listed in Article 173, paragraph (1), item (vi), item (vii), item (ix), and item (x);
- (iv) Documents proving the existence of net assets in excess of the Minimum Net Assets;
- (v) The certificates of registered matters of the Investment Corporations Extinguished in the Consolidation-Type Merger; provided, however, that this shall not apply when the head office of an Investment Corporation Extinguished in the Consolidation-Type Merger is located within the jurisdictional district of the registry office;
- (vi) Documents proving that the approval prescribed in Article 149-12, paragraph (1) has been given;
- (vii) With regard to the Investment Corporations Extinguished in the

Consolidation-Type Merger, if the public notice or notice under Article 149-4, paragraph (2) as applied mutatis mutandis pursuant to Article 149-14 (in cases where the public notice is given in addition to publication in an official gazette, by publication in a daily newspaper publishing matters on current affairs or by Electronic Public Notice under Article 149-4, paragraph (3) as applied mutatis mutandis pursuant to Article 149-14, the public notice given by these methods) has been given and a creditor has stated his/her objection, documents proving that payment has been made, that reasonable security has been provided to said creditor, that equivalent property has been entrusted for the purpose of having said creditor receive payment, or that the Consolidation-Type Merger is not likely to harm said creditor; and

(viii) With regard to the Investment Corporations Extinguished in the Consolidation-Type Merger, documents proving that the public notice prescribed in the main clause of Article 87, paragraph (1) has been given or those proving that Investment Securities have not been issued for the entirety of the Investment Equity.

(Application for Registration Regarding Executive Liquidator(s), etc.)

Article 176 The documents specified in the following items shall be attached to an application for registration listed in the respective items:

- (i) In cases where a corporate officer(s) has become an executive liquidator(s) or where the supervisory officers have become the liquidation supervisors, the application for registration of the executive liquidator(s) or liquidation supervisors: The certificate of incorporation;
- (ii) In cases where a person specified by the certificate of incorporation has become an executive liquidator or liquidation supervisor, the application for registration of the executive liquidator or liquidation supervisor: The certificate of incorporation and documents proving that such person has consented to assuming the office;
- (iii) The application for registration of the appointment of an executive liquidator(s) or liquidation supervisors who have been appointed at an Investors' meeting: Documents proving that person's consent to assuming the office
- (iv) The application for registration of the appointment of an executive liquidator(s) or liquidation supervisors appointed by the Prime Minister or the court: Documents proving such appointment; and
- (v) The application for registration of changes resulting from the retirement of an executive liquidator(s) or liquidation supervisors: Documents proving such retirement.

(Application Mutatis Mutandis of the Commercial Registration Act)

Article 177 The provisions of Article 1-3 through Article 5, Article 7 through Article 15, Article 17, paragraph (1), paragraph (2), and paragraph (4), Article 18 through Article 19-2, Article 20, paragraph (1) and paragraph (2), Article 21 through Article 27, Article 33, Article 34, Article 46, paragraph (1) and paragraph (2), Article 47, paragraph (1) and paragraph (3), Article 51 through Article 55, Article 64, Article 70, Article 71, Article 75, Article 79, Article 82, Article 83, Article 132 through Article 137, and Article 139 through Article 148 of the Commercial Registration Act shall apply mutatis mutandis to the registration related to an Investment Corporation. In this case, the phrases "Article 17" and "Article 24, Article 48 to Article 50 inclusive (including the cases where applied mutatis mutandis pursuant to Article 95, Article 111 and Article 118), Article 51, paragraphs (1) and (2), Article 52, Article 78, paragraphs (1) and (3), Article 82, paragraphs (2) and (3), Article 83, Article 87, paragraphs (1) and (2), Article 88, Article 91, paragraphs (1) and (2), Article 92" in Article 15 of that Act shall be deemed to be replaced with "Article 17, paragraph (1), paragraph (2), and paragraph (4) and Article 18" and "Article 24" respectively, the phrase "or, the matters to be specified in a written application pursuant to the provision of the preceding paragraph" in Article 17, paragraph (4) of that Act shall be deleted, the phrase "the preceding two paragraphs" in said provision shall be deemed to be replaced with "that paragraph," the phrase "Article 30(2) or" in Article 24, item (vii) of that Act shall be deleted, the phrases "all shareholders or class shareholders" and "directors or liquidators" in Article 46, paragraph (1) of that Act shall be deemed to be replaced with "all Investors" and "executive liquidator(s) or liquidation supervisors" respectively, the phrase "a shareholders meeting, class shareholders meeting, board of directors" in paragraph (2) of that Article shall be deemed to be replaced with "an Investors' meeting, meeting of the board of officers," the phrase "a director, company auditor, representative director or special director (in the case of a company with committees, a director, committee member, executive officer or representative executive officer)" in Article 54, paragraph (1) of that Act shall be deemed to be replaced with "a corporate officer(s) or supervisory officers," the phrase "an accounting advisor or an accounting auditor" in paragraphs (2) and (3) of that Article shall be deemed to be replaced with "an accounting auditor," the phrase "Article 337, paragraph (1) of said Act" in Article 54, paragraph (2), item (iii) of the Commercial Registration Act shall be deemed to be replaced with "Article 102, paragraph (1) of the Investment Corporations Act," the phrase "Article 346, paragraph (4) of the Companies Act" in Article 55, paragraph (1) of the Commercial Registration Act shall be deemed to be replaced with "Article 108, paragraph (3) of the Investment Corporations Act," the phrase "an administrator of a shareholder registry" in Article 64 of the Commercial

Registration Act shall be deemed to be replaced with "an Administrator of the Investors' Registry, etc. (meaning the Administrator of the Investors' Registry, etc. prescribed in Article 166, paragraph (2), item (viii) of the Investment Corporations Act)," the phrase "the articles of incorporation and" in said provision shall be deleted, the phrases "the amount of stated capital" and "Article 449, paragraph (2) of the Companies Act" in Article 70 of the Commercial Registration Act shall be deemed to be replaced with "the Minimum Net Assets" and "Article 142, paragraph (2) of the Investment Corporations Act" respectively, the phrase "Article 478, paragraph (1), item (i) of the Companies Act" in Article 71, paragraph (3) of the Commercial Registration Act shall be deemed to be replaced with "Article 151, paragraph (1), item (i) of the Investment Corporations Act," the phrase "approved under Article 507, paragraph (3) of the Companies Act" in Article 75 of the Commercial Registration Act shall be deemed to be replaced with "approved under Article 159, paragraph (3) of the Investment Corporations Act (in the case referred to in paragraph (4) of that Article, the approval of an Investors' meeting under that paragraph)", the phrase "Article 80 or the preceding Article" in Article 82, paragraph (3) of the Commercial Registration Act shall be deemed to be replaced with "Article 174 or Article 175 of the Investment Corporations Act," and any other necessary technical replacement of terms shall be specified by a Cabinet Order.

Article 178 Deleted

Article 179 Deleted

Article 180 Deleted

Article 181 Deleted

Article 182 Deleted

Section 14 Miscellaneous Provisions

(Remuneration for Inspectors, etc. Appointed by the Prime Minister)

Article 183 The provisions of Article 154, paragraph (2) shall apply mutatis mutandis to cases where the Prime Minister has appointed an inspector, Provisional Corporate Officer(s), etc. (meaning a person who is to temporarily perform the duties of a corporate officer, supervisory officer, executive liquidator or liquidation supervisor; the same shall apply in paragraph (1), item (ii) of the following Article) or an appraiser of an Investment Corporation

pursuant to the provisions of this Act of the provisions of the Companies Act as applied mutatis mutandis pursuant to this Act.

(Request for Registration by the Prime Minister)

Article 184 (1) In any of the following cases, the Prime Minister shall make a request for a registration to that effect at the registry office in the district of the location of the head office of the Investment Corporation:

- (i) When he/she has dismissed an executive liquidator or liquidation supervisor under Article 153, paragraph (1);
- (ii) When he/she has appointed a Provisional Corporate Officer(s), etc.; or
- (iii) When an Investment Corporation has been dissolved on the grounds listed in Article 143, item (vii) or item (viii).

(2) When the Prime Minister requests registration under the preceding paragraph, he/she shall attach documents to the request form proving that he/she has rendered a disposition in relation to the circumstances that caused said registration.

(Application Mutatis Mutandis of the Code of Civil Procedure)

Article 185 The provisions of Article 5, item (viii), sub-item (c) of the Code of Civil Procedure (Act No. 109 of 1996) shall apply mutatis mutandis to Investment Corporations. In this case, the term "incorporator" in Article 5, item (viii), sub-item (c) of that Code shall be deemed to be replaced with "organizer."

(Application of the National Tax Collection Act, etc.)

Article 186 With regard to the application of Article 34, paragraph (1) of the National Tax Collection Act (Act No. 147 of 1959) and Article 11-3, paragraph (1) of the Local Tax Act (Act No. 226 of 1950) in cases where an Investment Corporation has been dissolved, the term "liquidator" in these provisions shall be deemed to be replaced with "executive liquidator."

(Public Notice)

Article 186-2 (1) An Investment Corporation may specify any of the following methods as the Method of Public Notice in its certificate of incorporation:

- (i) Publication in an official gazette;
- (ii) Publication in a daily newspaper publishing matters on current affairs; or
- (iii) Electronic Public Notice (meaning, among the Methods of Public Notice, the method of implementing measures that make the information which should be subject to public notice available to many and unspecified persons by an Electronic Method (meaning the electronic method set forth in Article 2, item (xxxiv) of the Companies Act); hereinafter the same shall apply in this

Article).

- (2) In cases where the Investment Corporation specifies the method listed in item (iii) of the preceding paragraph as the Method of Public Notice in its certificate of incorporation, it shall be sufficient to prescribe to the effect that the Electronic Public Notice shall be the Method of Public Notice in its certificate of incorporation. In this case, either of the methods listed in item (i) or item (ii) of the preceding paragraph may be specified as the Method of Public Notice in cases where it is not possible to give public notice by way of an Electronic Public Notice due to an accident or other unavoidable circumstances.
- (3) The Method of Public Notice of Investment Corporations who do not make the specification under paragraph (1) shall be the method listed in item (i) of that paragraph.
- (4) The provisions of Article 940, paragraph (1) (excluding item (ii)) and paragraph (3), Article 941, Article 946, Article 947, Article 951, paragraph (2), Article 953, and Article 955 of the Companies Act shall apply mutatis mutandis to cases where an Investment Corporation gives the public notice under the provisions of this Act by way of an Electronic Public Notice. In this case, any necessary technical replacement of terms shall be specified by a Cabinet Order.

Chapter II Business of Investment Corporations

Section 1 Registration

(Registration)

Article 187 An Investment Corporation shall not conduct the acts prescribed in Article 193 as asset investment without obtaining registration by the Prime Minister.

(Application for Registration)

Article 188 (1) An Investment Corporation that intends to obtain the registration set forth in the preceding Article shall submit a written application for registration stating the following matters to the Prime Minister:

- (i) The matters listed in Article 67, paragraph (1), item (i) through item (iv), item (vi) through (x), item (xii), item (xiii), and item (xv), and the address of the head office;
- (ii) The names and addresses of the corporate officer(s), supervisory officers, and accounting auditor(s);
- (iii) The name and address of the Asset Management Company;
- (iv) An outline of the entrustment contract for asset investments concluded with the Asset Management Company;

- (v) The name and address of the Asset Custody Company;
 - (vi) When there are any provisions in the certificate of incorporation with regard to the duration or grounds for dissolution of an Investment Corporation, such provisions; and
 - (vii) Other matters specified by a Cabinet Office Ordinance.
- (2) The following documents pertaining to the Investment Corporation shall be attached to the written application for registration set forth in the preceding paragraph:
- (i) If the matters listed in item (i) of the preceding paragraph differ from the entries in the certificate of incorporation submitted under Article 69, paragraph (2) upon the establishment of the Investment Corporation, documents stating to that effect and the reasons therefor;
 - (ii) If the corporate officer(s) listed in item (ii) of the preceding paragraph differ from the candidates for the Corporate Officer(s) at Establishment notified pursuant to Article 69, paragraph (1), documents stating to that effect and the reason therefor;
 - (iii) Copy of the entrustment contract for asset investment concluded with the Asset Management Company; and
 - (iv) Other documents specified by a Cabinet Office Ordinance.

(Implementation of Registration)

- Article 189 (1) In cases where an application for registration prescribed in the preceding Article has been filed, the Prime Minister shall register the following matters in the Investment Corporation's registry, except when he/she refuses the registration under the provision of paragraph (1) of the following Article:
- (i) The matters listed in the items of paragraph (1) of the preceding Article; and
 - (ii) The date of registration and registration number.
- (2) When the Prime Minister has made the registration under the preceding paragraph, he/she shall notify the Investment Corporation that applied for the registration to that effect without delay.
- (3) The Prime Minister shall make the Investment Corporation's registry available for public inspection.

(Refusal of Registration)

- Article 190 (1) The Prime Minister shall refuse to file the registration when the Investment Corporation that has applied for the registration falls under any of the following items, or when the written application for registration or the documents attached thereto contain false statements or lack statements on important facts:
- (i) When the Investment Corporation intends to conduct acts listed in Article

193 for unlawful purposes;

- (ii) When the Investment Corporation has a person who has acted in violation of Article 197 within five years before the day of application, as its organizer (in cases where the organizer is a juridical person, its officers and employees as specified by a Cabinet Order shall be included);
 - (iii) When the Investment Corporation has a person who falls under the items of Article 98 as its corporate officer or a person who falls under the items of Article 100 as its supervisory officer;
 - (iv) When the Investment Corporation has a person other than a certified public accountant, auditing firm, or a person who falls under the items of Article 102, paragraph (3) as its accounting auditor;
 - (v) When the Investment Corporation has entrusted asset investments to a person other than a Financial Instruments Business Operator (or, in the cases referred to in the items of Article 199, the Financial Instruments Business Operator specified in said items) or to a Financial Instruments Business Operator who falls under the items of Article 200; or
 - (vi) When the Investment Corporation has a person other than the juridical person who falls under the items of Article 208, paragraph (2) as its Asset Custody Company.
- (2) When the Prime Minister has refused the registration pursuant to the provisions of the preceding paragraph, he/she shall notify the Investment Corporation that applied for the registration to that effect by indicating the reason therefor without delay.

(Notification of Changes)

- Article 191 (1) When there are any changes in the matters listed in the items of Article 188, paragraph (1), a Registered Investment Corporation shall notify the Prime Minister to that effect within two weeks from the day of the change.
- (2) When the Prime Minister has accepted a notification under the preceding paragraph, he/she shall register the notified matters in the Investment Corporation's registry.

(Notification of Dissolution, etc.)

- Article 192 (1) When a Registered Investment Corporation has come to fall under any of the following items, the persons specified in said items shall notify the Prime Minister to that effect within 30 days from such day:
- (i) When a Registered Investment Corporation has been extinguished as a result of a merger: The person(s) who was the corporate officer(s) thereof;
 - (ii) When a Registered Investment Corporation has been dissolved upon a ruling for commencement of bankruptcy proceedings: The bankruptcy trustee thereof; or

- (iii) When a Registered Investment Corporation has been dissolved on the grounds listed in Article 143, item (i) through item (iii): The executive liquidator(s) thereof.
- (2) When a Registered Investment Corporation has come to fall under any of the items of the preceding paragraph, the registration under Article 187 shall cease to be effective.

Section 2 Business

Subsection 1 Scope of Business

(Scope of Asset Investments)

Article 193 (1) A Registered Investment Corporation may carry out the following transactions with regard to the Specified Assets in accordance with the subject and policy of asset investments specified in the certificate of incorporation:

- (i) The acquisition or transfer of Securities;
- (ii) The lending and borrowing of Securities;
- (iii) The acquisition or transfer of real property;
- (iv) The lending and borrowing of real property;
- (v) The entrustment of the management of real property; and
- (vi) In addition to what is listed in the preceding items, the transactions specified by a Cabinet Order.

(2) A Registered Investment Corporation may, in addition to the transactions set forth in the preceding paragraph, acquire or transfer or carry out other transactions with regard to assets other than the Specified Assets, in accordance with the subject and policy of the asset investments specified in the certificate of incorporation.

(Restriction on Asset Investment)

Article 194 In cases where the number listed in item (i) exceeds the number listed in item (ii), a Registered Investment Corporation shall not acquire shares issued by a single juridical person:

- (i) The total number of voting rights pertaining to the respective shares held by the Registered Investment Corporation;
- (ii) The number obtained by multiplying the total number of voting rights pertaining to the shares by the rate specified by a Cabinet Office Ordinance.

Article 195 A Registered Investment Corporation shall not carry out acts set forth in Article 193 (excluding the transactions listed in Article 193, paragraph (1), item (v) and other acts specified by a Cabinet Order as those in which it is unlikely that the protection of the Investors of the Registered Investment Corporation will be compromised) with the following persons:

- (i) The corporate officer(s) or supervisory officers thereof;
- (ii) The Asset Management Company thereof; and
- (iii) In addition to what is listed in the preceding two items, persons specified by a Cabinet Order.

(Public Offering, etc. of Investment Securities, etc. Issued by Investment Corporations)

Article 196 (1) A corporate officer(s) of an Investment Corporation shall not conduct affairs pertaining to Public Offerings, etc. (meaning Public Offerings (meaning the Public Offering of Securities as prescribed in Article 2, paragraph (3) of the Financial Instruments and Exchange Act), Private Placement (meaning the Private Placement of Securities prescribed in that paragraph) and other acts specified by a Cabinet Order; the same shall apply hereinafter) of Investment Securities, etc. issued by said Investment Corporation.

(2) With regard to the application of the Financial Instruments and Exchange Act in cases where the Asset Management Company of an Investment Corporation is the Administrative Agent that has accepted entrustment of affairs related to the solicitation of persons to subscribe for Investment Equity or Investment Corporation Bonds issued by said Investment Corporation, said Asset Management Company's Dealings in Public Offering of Investment Securities, etc. issued by said Investment Corporation and other business carried out by said Asset Management Company in performance of the acts specified by a Cabinet Order shall be deemed to be Type II Financial Instruments Business as prescribed in Article 28, paragraph (2) of that Act.

(3) With regard to the application of the provisions of the preceding two paragraphs, the following Article, and Article 219, in cases where an Investment Corporation does not issue Investment Securities under Article 217, paragraph (1) through paragraph (5) of the Companies Act as applied mutatis mutandis pursuant to Article 85, paragraph (3) or pursuant to the provisions of the certificate of incorporation under Article 86, paragraph (1), the Investment Equity to be indicated on said Investment Securities shall be deemed to be Investment Securities.

(Application Mutatis Mutandis of the Financial Instruments and Exchange Act to Public Offerings, etc. of Investment Securities)

Article 197 The provisions of Article 36, paragraph (1), Article 37 (excluding paragraph (1), item (ii)), Article 37-3, paragraph (1) (excluding item (ii) and item (vi)) and paragraph (2), Article 37-4, Article 38, Article 39, paragraph (1), paragraph (3), and paragraph (5), Article 40, Article 44-3, paragraph (1) (excluding item (iii)), and Article 45 (excluding item (iii) and item (iv)) of the Financial Instruments and Exchange Act shall apply mutatis mutandis to the

organizer(s) (in cases where the organizer is a juridical person, its officers and employees shall be included; hereinafter referred to as the "Specified Organizer(s), etc." in this Article) in cases where the organizer(s) has dealings in a Public Offering, etc. of Investment Securities issued by an Investment Corporation that is in the process of being established and the provisions of Article 39, paragraph (2) and paragraph (4) of that Act apply mutatis mutandis to the customers of the Specified Organizer(s), etc. In this case, any necessary technical replacement of terms shall be specified by a Cabinet Order.

Subsection 2 Entrustment of Business

(Entrustment of Business Pertaining to Asset Investment to Asset Management Companies)

Article 198 (1) A Registered Investment Corporation shall entrust its business pertaining to asset investment to an Asset Management Company.

(2) The agreement for the entrustment prescribed in the preceding paragraph (excluding any agreement concluded with a person who will become an Asset Management Company as set forth in Article 67, paragraph (1), item (xiv)) shall not become effective unless approval has been obtained at an Investors' meeting.

(Asset Management Companies)

Article 199 An Asset Management Company shall be a Financial Instruments Business Operator (in any of the cases listed in the following items, the Financial Instruments Business Operator specified in said items):

- (i) In cases where Real Property shall be one of the assets subject to investment by a Registered Investment Corporation: A Financial Instruments Business Operator that has obtained a license as set forth in Article 3, paragraph (1) of the Building Lots and Buildings Transaction Business Act;
- (ii) In cases where the purpose of a Registered Investment Corporation is to invest mainly in Real Property: A Financial Instruments Business Operator who has obtained authorization set forth in Article 50-2, paragraph (1) of the Building Lots and Buildings Transaction Business Act; and
- (iii) In addition to what is listed in the preceding two items, in cases specified by a Cabinet Order: A Financial Instruments Business Operator as specified by a Cabinet Order.

(Prohibition of Entrustment to a Financial Instruments Business Operator, etc. as an Interested Party)

Article 200 A Registered Investment Corporation shall not entrust its business

pertaining to asset investments to a Financial Instruments Business Operator that falls under any of the following items:

- (i) A Financial Instruments Business Operator that has or had a supervisory officer of said Registered Investment Corporation as its officer or employee or as the officer or employee of its Subsidiary Company (hereinafter collectively referred to as the "Officer, etc." in this item);
- (ii) A Financial Instruments Business Operator that continuously gives remuneration to supervisory officers of said Registered Investment Corporation; and
- (iii) In addition to what is listed in the preceding two items, a Financial Instruments Business Operator specified by a Cabinet Office Ordinance as having a relationship with the supervisory officers of the Registered Investment Corporation as an interested party.

(Investigation into the Value, etc. of Specified Assets)

Article 201 (1) In cases where the acquisition or transfer of Specified Assets (excluding Designated Assets) or any other acts specified by a Cabinet Office Ordinance have been carried out with regard to an Investment Corporation that is investing assets, the Asset Management Company shall have persons other than said Investment Corporation, the Asset Management Company (including its Interested Persons, etc. (meaning persons holding the majority of the voting rights of all the shareholders of said Asset Management Company and other persons specified by a Cabinet Order as having a close relationship with said Asset Management Company; the same shall apply in Article 203, paragraph (2))), and the Asset Custody Company thereof as specified by a Cabinet Order, investigate the value of the Specified Assets and other matters specified by a Cabinet Office Ordinance.

- (2) In the case referred to in the preceding paragraph, if the assets to be investigated are Real Property (meaning lands, buildings, or rights other than the ownership pertaining thereto), the investigation shall be based on an appraisal made by a real property appraiser.

(Re-entrustment, etc. of Authority Entrusted by Investment Corporation)

Article 202 (1) When an Asset Management Company invests assets under entrustment from an Investment Corporation, it shall not further entrust the whole of the authority pertaining to asset investment entrusted to it by said Investment Corporation to another person.

- (2) With regard to the application of the preceding Article in cases where an Asset Management Company has entrusted part of the authority pertaining to the asset investments entrusted to it by an Investment Corporation, the term "Asset Management Company" in paragraph (1) of that Article shall be deemed

to be replaced with "Asset Management Company (including persons who have accepted re-entrustment of part of the authority pertaining to asset investment from said Asset Management Company)."

(Delivery of Documents to an Investment Corporation, etc. under Contract)

Article 203 (1) An Asset Management Company shall deliver documents at least once every three months disclosing the following matters to the Investment Corporation for which it invests assets:

- (i) Whether or not the Asset Management Company has carried out, among the sale and purchase of Securities and other transactions specified by a Cabinet Order carried out with its own account, a transaction for the same issue in which the Investment Corporation's assets have been invested;
 - (ii) If there are any transactions carried out in the case referred to in the preceding item, a breakdown by sales and by purchases, and other matters specified by a Cabinet Office Ordinance;
 - (iii) Whether or not the Asset Management Company has carried out the sale and purchase of real property or other transactions specified by a Cabinet Order with its own account (limited to cases where real property is to be included in the Specified Assets which are the subject of investment by the Investment Corporation);
 - (iv) If there are any transactions carried out in the case referred to in the preceding item, a breakdown by sales and by purchases, and other matters specified by a Cabinet Office Ordinance; and
 - (v) In addition to what is listed in the preceding items, matters specified by a Cabinet Order.
- (2) In cases where the sale and purchase of Specified Assets (excluding Designated Assets and those specified by a Cabinet Office Ordinance; hereinafter the same shall apply in this paragraph) and other transactions specified by a Cabinet Order have been carried out between the Investment Corporation investing the assets and the Asset Management Company, one of its directors or executive officers, any other Investment Corporation that invests assets, an Interested Person, etc., or any other person specified by a Cabinet Order, the Asset Management Company shall, pursuant to the provisions of a Cabinet Office Ordinance, deliver documents stating the matters related to the transaction(s) to the Investment Corporation, the other Investment Corporation investing assets (limited to one whose investments are of the same type of assets as the Specified Assets), and any other person specified by a Cabinet Order.
- (3) The provisions of Article 5, paragraph (2) shall apply mutatis mutandis to the delivery of documents under paragraph (1). In this case, the phrase "the person who intends to acquire Beneficiary Certificates" in Article 5, paragraph (2)

shall be deemed to be replaced with "the Investment Corporation investing assets."

- (4) The provisions of Article 5, paragraph (2) shall apply mutatis mutandis to the delivery of the documents under paragraph (2). In this case, the phrase "the person who intends to acquire Beneficiary Certificates" in Article 5, paragraph (2) shall be deemed to be replaced with "the Investment Corporation that invests assets, the other Investment Corporation investing assets (limited to one whose investments are made in the same type of assets as the Specified Assets) and any other person specified by a Cabinet Order."

(Asset Management Company Liability)

Article 204 (1) When an Asset Management Company (including any person who has accepted re-entrustment of part of the authority pertaining to asset investment by said Asset Management Company) has caused an Investment Corporation to suffer damages by neglecting its duties, the Asset Management Company shall be jointly and severally liable for the damages suffered by said Investment Corporation.

- (2) In cases where an Asset Management Company is liable for damages which have arisen in an Investment Corporation or with a third party, if a corporate officer(s), supervisory officers, Administrative Agent, or accounting auditor(s) is also liable for such damages, such Asset Management Company, corporate officer(s), supervisory officers, Administrative Agent, and accounting auditor(s) shall be joint and several obligors.

- (3) Article 429, paragraph (1) of the Companies Act shall apply mutatis mutandis to Asset Management Companies, Article 424 of that Act shall apply mutatis mutandis to the liability prescribed in paragraph (1), and the provisions of Part VII, Chapter II, Section 2 (excluding Article 847, paragraph (2), Article 849, paragraph (2), item (ii) and paragraph (5), and Article 851, paragraph (1), item (i) and paragraph (2)) of the that Act shall apply mutatis mutandis to any action pursuing the liability of an Asset Management Company. In this case, any necessary technical replacement of terms shall be specified by a Cabinet Order.

(Cancellation of an Entrustment Contract for Asset Investment by an Asset Management Company)

Article 205 (1) An Asset Management Company may not cancel the entrustment contract for asset investment that has been concluded with a Registered Investment Corporation without obtaining the consent of the Registered Investment Corporation.

- (2) A corporate officer(s) shall obtain approval at an Investors' meeting to give the consent set forth in the preceding paragraph; provided, however, that this

shall not apply to cases where he/she has obtained the permission from the Prime Minister as a case in which there are unavoidable circumstances.

(Cancellation of an Entrustment Contract for Asset Investment by an Investment Corporation)

- Article 206 (1) A Registered Investment Corporation may not cancel the entrustment contract for asset investment that has been concluded with an Asset Management Company without a resolution being adopted at an Investors' meeting.
- (2) When a Registered Investment Corporation falls under any of the following items, notwithstanding the provisions of the preceding paragraph, the Registered Investment Company may cancel the entrustment contract for asset investment that has been concluded with an Asset Management Company by a resolution from the board of officers:
- (i) When an Asset Management Company has violated its obligations in the course of its duties or neglected its duties; and
 - (ii) In addition to what is listed in the preceding item, when there are any material grounds whereby the entrustment of business pertaining to asset investment cannot be continued.

- Article 207 (1) When an Asset Management Company falls under any of the following items, an Investment Corporation shall cancel the entrustment contract for asset investment that has been concluded with said Asset Management Company:
- (i) When the Asset Management Company has ceased to be a Financial Instruments Business Operator (or, in cases listed in the items of Article 199, the Financial Instruments Business Operator specified in said items);
 - (ii) When the Asset Management Company has come to fall under any of the items of Article 200; or
 - (iii) When the Asset Management Company has been dissolved.
- (2) When a vacancy is likely to occur for the position of Asset Management Company carrying out business pertaining to investment of an Investment Corporation's assets in whole or in part, the corporate officer(s) thereof shall select a new Asset Management Company to succeed to the whole or part of said business, and shall entrust said business therewith.
- (3) When a corporate officer(s) has carried out entrustment under the preceding paragraph, he/she shall, with regard to the entrustment contract that has been concluded with an Asset Management Company, request its approval at an Investors' meeting without delay. In this case, if said approval is not obtained, said contract shall cease to be effective from that time on.

(Entrustment, etc. of Business Pertaining to Custody of Assets to Asset Custody Companies)

Article 208 (1) A Registered Investment Corporations shall entrust business pertaining to the custody of assets to an Asset Custody Company.

(2) An Asset Custody Company shall be a juridical person who falls under any of the following items (in cases where the Registered Investment Corporation entrusts business pertaining to the custody of assets other than Securities and any other assets specified by a Cabinet Office Ordinance, the juridical person listed in item (ii) shall be excluded):

(i) A Trust Company, etc.;

(ii) A financial instruments business operator as prescribed in Article 2, paragraph (9) of the Financial Instruments and Exchange Act (limited to persons who conduct Securities, etc. Management Business as prescribed in Article 28, paragraph (5) of that Act); and

(iii) In addition to what is listed in the preceding two items, a juridical person specified by a Cabinet Office Ordinance as being appropriate for the entrustment of business pertaining to the custody of assets of the Registered Investment Corporation.

(Obligations of Asset Custody Companies)

Article 209 (1) An Asset Custody Company shall execute its business with due loyalty to the Investment Corporation.

(2) An Asset Custody Company shall execute its business with the due care of a prudent manager to the Investment Corporation.

(Separate Custody of Assets)

Article 209-2 An Asset Custody Company shall retain the Investment Corporation's assets separately from its own property by a method specified by a Cabinet Office Ordinance as a method for retaining property in a reliable and an orderly manner.

(Asset Custody Company Liability)

Article 210 (1) When an Asset Custody Company has caused an Investment Corporation to suffer damages by neglecting its duties, such Asset Custody Company shall be jointly and severally liable for the damages suffered by said Investment Corporation.

(2) In cases where an Asset Custody Company is liable for damages which have arisen in an Investment Corporation, if a corporate officer(s), supervisory officer(s), Administrative Agent, accounting auditor(s), or Asset Management Company is also liable for such damages, such Asset Custody Company, corporate officer(s), supervisory officer(s), Administrative Agent, accounting

auditor(s), and Asset Management Company shall be joint and several obligors.

Section 3 Supervision

(Books and Documents Related to Business)

Article 211 (1) An Investment Corporation shall prepare and preserve books and documents related to its business (limited to business pertaining to an Investment Corporation; the same shall apply in the following paragraph) as provided by a Cabinet Office Ordinance..

(2) An Asset Custody Company shall prepare and preserve books and documents related to its business as provided by a Cabinet Office Ordinance..

(Submission of Business Reports)

Article 212 A Registered Investment Corporation shall prepare business reports in the form specified by a Cabinet Office Ordinance for each Business Period (or each six months in the cases where said Business Period is shorter than six months; hereinafter the same shall apply in this Article) and submit them to the Prime Minister within three months after each Business Period has elapsed.

(On-Site Inspections, etc.)

Article 213 (1) The Prime Minister may, to the extent necessary for the enforcement of this Act, order the organizer(s), Corporate Officer(s) at Establishment, or Supervisory Officers at Establishment (hereinafter collectively referred to as the "Organizer(s), etc." in this paragraph) of an Investment Corporation that is in the process of being established to submit reports or materials that will be helpful for understanding the business of said Investment Corporation that is in the process of being established, and may have the relevant officials enter the business office or office of the Organizer(s), etc. of said Investment Corporation that is in the process of being established and inspect the business, books, documents, and other articles pertaining to said Investment Corporation that is in the process of being established and question any persons concerned.

(2) The Prime Minister may, to the extent necessary for the enforcement of this Act, order an Investment Corporation to submit reports or materials that will be helpful for understanding the business of said Investment Corporation, and may have the relevant officials enter the head office of said Investment Corporation and inspect the business, books, documents, and other articles pertaining to said Investment Corporation and question any persons concerned.

(3) The Prime Minister may, to the extent necessary for the enforcement of this Act, order an Asset Custody Company or the Administrative Agent of an

Investment Corporation or other persons who were in such positions (hereinafter collectively referred to as the "Asset Custody Company, etc." in this paragraph and paragraph (5)) to submit reports or materials that will be helpful for understanding the business of said Investment Corporation, and may have the relevant officials enter the business office or office of the Asset Custody Company, etc. of said Investment Corporation and inspect the business, books, documents, and other articles pertaining to said Investment Corporation and question any persons concerned.

- (4) The Prime Minister may, to the extent necessary for the enforcement of this Act, order a corporate officer(s) or supervisory officers, or persons who were in such positions (hereinafter referred to as the "Corporate Officer(s), etc." in this paragraph) to submit reports or materials that will be helpful for understanding the business of said Investment Corporation, and may have the relevant officials enter the office of the Corporate Officer(s), etc. of said Investment Corporation and inspect the business, books, documents, and other articles pertaining to said Investment Corporation and question any persons concerned.
- (5) The Prime Minister may, to the extent necessary for the enforcement of this Act, order persons who deal with the Investment Corporation or the Asset Custody Company, etc. of said Investment Corporation regarding the business pertaining to said Investment Corporation to submit reports or materials that will be helpful for understanding the business of said Investment Corporation.
- (6) The provisions of Article 22, paragraph (2) and paragraph (3) shall apply mutatis mutandis to on-site inspections as set forth in paragraph (1) through paragraph (4).

(Order to Improve Business Operations)

Article 214 (1) When the Prime Minister finds it necessary for securing the sound and appropriate operation of the Investment Corporation's business and for achieving Investor protection in light of the status of business of the organizer(s), Corporate Officer(s) at Establishment, or Supervisory Officers at Establishment of the Investment Corporation that is in the process of being established, the Investment Corporation, the Asset Management Company thereof, the person who has accepted the re-entrustment of part of the authority pertaining to asset investment by said Asset Management Company, the Asset Custody Company, or an Administrative Agent (limited to the business related to the Investment Corporation; hereinafter the same shall apply in this paragraph), he/she may, only to the extent necessary, order said organizer(s) or said Investment Corporation to change its method of business, change its Asset Management Company, or to take other measures necessary to improve its business operations.

- (2) When the Prime Minister intends to make the disposition under the preceding paragraph, he shall hold a hearing irrespective of the categories of procedures for hearing statements of opinion under Article 13, paragraph (1) of the Administrative Procedure Act.
- (3) When the Prime Minister has made the disposition under paragraph (1), he/she shall notify the Investment Corporation that is to receive such disposition to that effect and of the reason therefor in writing without delay.

(Notification, etc.)

Article 215 (1) A Registered Investment Corporation shall, when it is likely that the amount of its net assets shall fall below the Net Assets Threshold, promptly prepare an extraordinary report in the form specified by a Cabinet Office Ordinance and submit it to the Prime Minister.

- (2) In cases where the amount of net assets of a Registered Investment Corporation has fallen below the Minimum Net Assets, the Prime Minister shall send a notification to said Registered Investment Corporation to the effect that if the amount of its net assets has not recovered to an amount exceeding said Minimum Net Assets within a certain period of time, the registration shall be rescinded.
- (3) The period referred to in the preceding paragraph shall not be shorter than three months.

(Rescission of Registration)

Article 216 (1) When a Registered Investment Corporation falls under any of the following items, the Prime Minister may rescind its registration under Article 187:

- (i) When the Registered Investment Corporation has come to fall under any of the provisions of Article 190, paragraph (1), item (i) or item (iii) through item (vi);
 - (ii) When the Registered Investment Corporation has obtained its registration by wrongful means; or
 - (iii) When the Registered Investment Corporation has violated the provisions of this Act, orders issued under this Act, or any disposition made hereunder.
- (2) Notwithstanding the fact that the Prime Minister has sent a notification under paragraph (2) of the preceding Article, if the amount of net assets of a Registered Investment Corporation that received said notification has not recovered to meet the amount exceeding the Minimum Net Assets within the period set forth in that paragraph, he/she shall rescind the registration under Article 187 of said Registered Investment Corporation.

(Deletion of Registration)

Article 217 When the registration set forth in Article 187 has ceased to be effective pursuant to Article 192, paragraph (2) or when the Prime Minister has rescinded the registration under Article 187 pursuant to the preceding Article, he/she shall delete said registration.

(Public Notice of Supervisory Disposition)

Article 218 When the Prime Minister has issued a notification as set forth in Article 205, paragraph (2) or rendered a disposition to rescind the registration under Article 187 pursuant to Article 216, he/she shall give public notice to that effect pursuant to the provisions of a Cabinet Office Ordinance.

(Prohibition Order or Order of Suspension for Dealings in Public Offerings, etc. of Investment Securities, etc.)

Article 219 (1) When the court finds that the Dealings in a Public Offering, etc. of Investment Securities, etc. fall under any of the following items, the court may issue an order to the person who has actually conducted or who intends to conduct such acts (hereinafter referred to as the "Offender" in this Article) prohibiting or suspending such acts upon the filing of a petition by the Prime Minister:

(i) In cases where the Offender is in violation of the provisions of this Act, orders issued under this Act, or a disposition made hereunder, when there is an urgent necessity to prevent the damages suffered by the Investors from spreading; or

(ii) In cases where asset investment by the Investment Corporation issuing the Investment Securities, etc. is highly inappropriate and has actually caused or clearly will cause serious damage to Investors' profits, when there is an urgent necessity to prevent the damages suffered by the Investors from spreading.

(2) The provisions of Article 26, paragraph (2) through paragraph (6) shall apply mutatis mutandis to the judicial decision under the preceding paragraph.

(3) The provisions of Article 187 and Article 191 of the Financial Instruments and Exchange Act shall apply mutatis mutandis to the petition referred to in paragraph (1).

Chapter III Foreign Investment Corporations

(Notification by a Foreign Investment Corporation)

Article 220 (1) In cases where Dealings in a Public Offering, etc. (excluding any dealings found not to hinder the protection of Investors, taking into consideration the contents and other matters thereof as specified by a Cabinet Order) of Investment Securities or securities similar to Investment Corporation

Bond Certificates issued by a Foreign Investment Corporation (hereinafter collectively referred to as the "Foreign Investment Securities" in this Article and Article 223) is to be carried out, said Foreign Investment Corporation or a person who is equivalent to the organizer thereof shall notify the Prime Minister of the following matters pertaining to said Foreign Investment Corporation as provided by a Cabinet Office Ordinance, in advance:

- (i) Its purpose, trade name, and address;
 - (ii) Matters concerning its organization and officers;
 - (iii) Matters concerning the management and investment of its assets;
 - (iv) Matters concerning the accounting for and distribution of profits;
 - (v) Matters concerning the rights indicated on its Foreign Investment Securities;
 - (vi) Matters concerning the refund and repurchase of Foreign Investment Securities; and
 - (vii) In addition to what is listed in the preceding items, matters specified by a Cabinet Office Ordinance.
- (2) The certificate of incorporation of the Foreign Investment Corporation or documents equivalent thereto and other documents specified by a Cabinet Office Ordinance shall be attached to the notification set forth in the preceding paragraph.

(Notification of Changes in a Foreign Investment Corporation)

- Article 221 (1) When a Foreign Investment Corporation (limited to one who made a notification under paragraph (1) of the preceding Article; the same shall apply in the following Article) intends to change the matters listed in the items of Article 220, paragraph (1), it shall notify the Prime Minister to that effect and of the contents thereof, in advance.
- (2) The provisions of paragraph (2) of the preceding Article shall apply mutatis mutandis to the case referred to in the preceding paragraph.

(Notification of Dissolution of a Foreign Investment Corporation)

- Article 222 (1) When a Foreign Investment Corporation has been dissolved following a ruling for commencement of bankruptcy proceedings or on other grounds specified by a Cabinet Office Ordinance, a bankruptcy trustee, a liquidator, or a person who assumes the obligations equivalent to such persons shall promptly notify the Prime Minister to that effect.
- (2) Except in the case referred to in the preceding paragraph, when a Foreign Investment Corporation intends to dissolve the corporation, it shall notify the Prime Minister to that effect, in advance.

(Prohibition Order or Order of Suspension for Dealings in Public Offerings, etc.)

of Foreign Investment Securities)

- Article 223 (1) With regard to Dealings in a Public Offering, etc. of Foreign Investment Securities, in cases where asset investment by the Foreign Investment Corporation that issues said Foreign Investment Securities is highly inappropriate and has actually caused or clearly will cause serious damage to the Investors' profits, and where it is found that there is an urgent necessity to prevent the damages suffered by the Investors from spreading, the court may issue an order to the person who has actually conducted or who intends to conduct such acts prohibiting or suspending such acts upon the filing of a petition by the Prime Minister.
- (2) The provisions of Article 26, paragraph (2) through paragraph (6) shall apply mutatis mutandis to a judicial decision under the preceding paragraph.
- (3) The provisions of Article 187 and Article 191 of the Financial Instruments and Exchange Act shall apply mutatis mutandis to a petition as referred to in paragraph (1).

Part IV Miscellaneous Provisions

(Conditions for Approval)

- Article 223-2 (1) The Prime Minister may attach conditions to the approval to be given under the provisions of this Act and may make changes thereto.
- (2) The conditions set forth in the preceding paragraph shall be the minimum necessary conditions that are in the public interest or for the protection of the Investors.

(Special Provisions on Application of the Financial Instruments and Exchange Act, etc.)

- Article 223-3 (1) With regard to the application of the provisions of the Financial Instruments and Exchange Act to cases where a Financial Instruments Business Operator or a person who intends to become a Financial Instruments Business Operator intends to give instructions in the course of business for an investment to be made in Real Property, etc. (meaning real property and other assets specified by a Cabinet Order and that as prescribed in Article 35, paragraph (1), item (xv), sub-item (a) of that Act) as an investment of the trust property of an Investment Trust Managed under Instructions from the Settlor, or when such person intends to invest assets of a Registered Investment Corporation therein, the terms or phrases listed in the middle column of the table below that appear in the provisions of that Act as listed in the left-hand column of that table shall be deemed to be replaced with the corresponding terms or phrases listed in the right-hand column of that table.

<p>Article 29-2, paragraph (2), item (ii)</p>	<p>business</p>	<p>business (in cases where a person intends to carry out Specified Investment Management Activities (meaning to conclude a contract set forth in Article 2, paragraph (8), item (xii), sub-item (a) and to invest money or other properties as an investment in Real Estate, etc. (meaning real estate and other assets specified by a Cabinet Order as prescribed in Article 35, paragraph (1), item (xv), sub-item (a); hereinafter the same shall apply in this item) or to invest money or other properties contributed by a person who holds the rights indicated on the Beneficiary Certificates of investment trusts set forth in Article 2, paragraph (1), item (x) as an investment in Real Estate, etc. under said contract; the same shall apply hereinafter), the business of conducting said Specified Investment Management Activities shall be included)</p>
<p>Article 29-3</p>	<p>shall register the following matters in a registry of Financial Instruments Business Operators, except when he/she refuses the registration under the provisions of paragraph (1) of the following Article:</p>	<p>shall register the following matters in a registry of Financial Instruments Business Operators, except when he/she refuses the registration under the provisions of paragraph (1) of the following Article. In this case, when the person who intends to obtain the registration set forth in Article 29 intends to conduct Specified Investment Management Activities in the course of business, the Prime Minister shall, in advance, hear the opinions of the Minister of Land, Infrastructure, Transport and Tourism or another head of an administrative organ specified by a Cabinet Order which is found to be related thereto, with regard to whether or not the person is a person who has a personnel structure sufficient to carry out the business of conducting said Specified Investment Management Activities in an appropriate manner, taking into consideration the contents and method of said business:</p>
<p>Article 29-4, paragraph (1), item (i), sub-item (d)</p>	<p>(excluding Investment Advising and Agency)</p>	<p>(in cases where a person intends to carry out Specified Investment Management Activities in the course of business, the business of conducting said Specified Investment Management Activities shall be included and the Investment Advising, and Agency shall be excluded)</p>

Article 31, paragraph (5)	"matters pertaining to the change"	"matters pertaining to the change," the term "shall register the following matters in a registry of Financial Instruments Business Operators, except when he/she refuses the registration under the provisions of paragraph (1) of the following Article. In this case, when the person who intends to obtain the registration set forth in Article 29 intends to conduct Specified Investment Management Activities in the course of business, the Prime Minister shall, in advance, hear the opinions of the Minister of Land, Infrastructure, Transport and Tourism or another head of an administrative organ specified by a Cabinet Order which is found to be related thereto, with regard to whether or not the person has a personnel structure sufficient to carry out business of conducting said Specified Investment Management Activities in an appropriate manner, taking into consideration the contents and method of said business" in that paragraph shall be deemed to be replaced with "shall register the following matters in a registry of Financial Instruments Business Operators, except when he/she refuses the registration under the provisions of paragraph (1) of the following Article."
Article 35, paragraph (2), item (v)-2	(excluding business falling under that listed in item (i)	(excluding the business of conducting Specified Investment Management Activities and that falling under the business listed in item (i)
Article 35, paragraph (2), item (vi)	(excluding that which falls under the category of the business of conducting the act specified in item (xv) of the preceding paragraph)	(excluding Specified Investment Management Activities and that which falls under the category of the business of conducting the act specified in item (xv) of the preceding paragraph)

<p>Article 35, paragraph (4)</p>	<p>may, in addition to Financial Instruments Business and businesses prescribed in paragraph (1) and paragraph (2), engage in a business for which approval has been obtained from the Prime Minister.</p>	<p>may, in addition to the Financial Instruments Business and businesses prescribed in paragraph (1) and paragraph (2), engage in business for which approval has been obtained from the Prime Minister. In this case, when there are statements in the documents set forth in Article 29-2, paragraph (2), item (ii) to the effect that the person who intends to obtain the registration set forth in Article 29 is to carry out Specified Investment Management Activities in the course of business and said person has obtained the registration, said person shall be deemed to have obtained the approval prescribed in this paragraph with regard to the business of conducting Specified Investment Management Activities.</p>
<p>Article 35, paragraph (5)</p>	<p>may choose not to grant approval only where the implementation of the business pertaining to the application is found to go against the public interest or hinder the protection of investors due to the difficulty in management of the risks of losses arising from the business.</p>	<p>may choose not to grant approval only where the implementation of the business pertaining to the application is found not to be in the public interest or to hinder the protection of Investors due to the difficulty of managing the risk of losses arising from the business (in the case of approval for conducting Specified Investment Management Activities in the course of business, cases where a person is found not to have a personnel structure sufficient for carrying out the business of conducting Specified Investment Management Activities in an appropriate manner shall be included). In this case, the Prime Minister shall, in advance, hear the opinions of the Minister of Land, Infrastructure, Transport and Tourism or another head of an administrative organ specified by a Cabinet Order which is found to be related thereto, with regard to whether or not such person has a personnel structure sufficient for carrying out the business of conducting said Specified Investment Management Activities, taking into consideration the contents and method of said business.</p>

(2) With regard to the application of the provisions of the Financial Instruments and Exchange Act to cases where the Settlor Company of an Investment Trust gives instructions in the course of business for investment to be made in Securities or assets other than the rights pertaining to Derivative Transactions as an investment of the of the trust property of an Investment Trust Managed under Instructions from the Settlor (in cases where the Settlor Company of an

Investment Trust conducts Specified Investment Management Activities as set forth in Article 29-2, paragraph (2), item (ii) of that Act as replaced pursuant to the provisions of the preceding paragraph, limited to cases where said Settlor Company of an Investment Trust has obtained the approval set forth in Article 35, paragraph (4) of that Act for conducting said Specified Investment Management Activities in the course of trade), said instructions shall be deemed to fall under the acts listed in Article 2, paragraph (8), item (xiv) of that Act.

- (3) With regard to the application of the provisions of the Financial Instruments and Exchange Act in cases where an Asset Management Company invests assets of a Registered Investment Corporation as an investment in Securities or in assets other than rights pertaining to Derivative Transactions in the course of business (in cases where the Asset Management Company conducts Specified Investment Management Activities as set forth in Article 29-2, paragraph (2), item (ii) of that Act as replaced pursuant to paragraph (1), limited to the case where said Asset Management Company has obtained approval set forth in Article 35, paragraph (4) of that Act for conducting said Specified Investment Management Activities in the course of business), said investment shall be deemed to fall under the acts listed in Article 2, paragraph (8), item (xii) of that Act (limited to the acts conducted under the contract listed in Article 2, paragraph (8), item (xii), sub-item (a) of that Act).
- (4) A Trust Company, etc. shall be deemed to be a Financial Instruments Business Operator with regard to the application of Article 67-2, paragraph (1) and paragraph (2), Article 68, paragraph (1) and paragraph (2), Article 78, paragraph (1), Article 79-7, paragraph (1), and Article 79-11 of the Financial Instruments and Exchange Act, within the scope of carrying out business pertaining to an Investment Trust Managed Without Instructions from the Settlor.
- (5) With regard to the application of the provisions of the Trust Business Act, in cases where a trust company (limited to one that has obtained a license prescribed in Article 3 or Article 53, paragraph (1) of the Trust Business Act) invests trust property of an Investment Trust Managed Without Instructions from the Settlor, the phrase "and the provisions of Article 42-2 (Prohibited Acts) and Article 44-3, paragraph (1) (Restriction on Acts Involving Parent Juridical Persons, etc. or Subsidiary Juridical Persons, etc.) of that Act (including the penal provisions pertaining to those provisions) shall apply mutatis mutandis to the business of investing trust property of an Investment Trust Managed Without Instructions from the Settlor as set forth in Article 2, paragraph (2) of the Act on Investment Trusts and Investment Corporations conducted by a trust company respectively" shall be added after the term"; hereinafter referred to as 'Specific Trust Agreement')" in Article 24-2 of the

Trust Business Act, the phrases "in these provisions" and "in Article 39, paragraph (4) of said Act" in Article 24-2 of the Trust Business Act shall be deemed to be replaced with "in these provisions (excluding Article 42-2 and Article 44-3, paragraph (1) of the Financial Instruments and Exchange Act" and "in Article 39, paragraph (4) and Article 42-2, item (vi) of that Act" respectively, and the phrase ", the term 'a contract with a customer for any of the acts listed in the items of Article 2, paragraph (8)' in Article 44-3, paragraph (1), item (ii) of that Act shall be deemed to be replaced with 'a contract for an Investment Trust Managed Without Instructions from the Settlor as prescribed in Article 47, paragraph (1) of the Act on Investment Trusts and Investment Corporations' and the term 'giving advice to conduct a transaction that is unnecessary in light of the transaction policy, the amount of the transaction, or the market conditions regarding the Investment Advisory Business, or the Investment Management Business that does so' in Article 44-3, paragraph (1), item (iii) of the Financial Instruments and Exchange Act shall be deemed to be replaced with 'business for conducting the investment of the trust property of an Investment Trust Managed Without Instructions from the Settlor' " shall be added after the term " 'an accident imputable to a Trust Company' " in Article 24-2 of the Trust Business Act.

- (6) With regard to the application of the provisions of the Act on Concurrent Operation of Trust Business by a Financial Institution, in cases where a Financial Institution Engaged in Trust Business invests the trust property of an Investment Trust Managed Without Instructions from the Settlor, the phrase "and the provisions Article 42-2 and Article 44-3, paragraph (2) (excluding item (ii)) of the Financial Instruments and Exchange Act (including penal provisions pertaining to these provisions) shall apply mutatis mutandis to business for investing the trust property of an Investment Trust Managed Without Instructions from the Settlor as prescribed in Article 2, paragraph (2) of the Act on Investment Trusts and Investment Corporations operated by a financial institution, respectively" shall be added after the term "(meaning the Specific Trust Agreement prescribed in Article 24-2 of the Trust Business Act)" in Article 2-2 of the Act on Concurrent Operation of Trust Business by a Financial Institution, the phrases "in these provisions," "Article 34 of the Financial Instruments and Exchange Act," and "in Article 39, paragraph (4) of the Financial Instruments and Exchange Act" in Article 2-2 of the Act on Concurrent Operation of Trust Business by a Financial Institution shall be deemed to be replaced with "in these provisions (excluding the provisions of Article 42-2 of the Financial Instruments and Exchange Act)," "Article 34 of the Trust Business Act" and "in Article 39, paragraph (4) and Article 42-2, item (vi) of the Financial Instruments and Exchange Act" respectively, and the phrase ", the term 'giving advice to conduct a transaction that is unnecessary

in light of the transaction policy, the amount of the transaction, or the market conditions regarding the Investment Advisory Business, or the Investment Management Business that does so' in Article 44-3, paragraph (2), item (iii) of the Financial Instruments and Exchange Act shall be deemed to be replaced with 'or making an investment to conduct a transaction with regard to business for conducting investment of the trust property of an Investment Trust Managed Without Instructions from the Settlor' " shall be added after the phrase "a Financial Institution (meaning a Financial Institution as prescribed in Article 1, paragraph (1) of the Act on Concurrent Operation of Trust Business by a Financial Institution)" in Article 2-2 of the Act on Concurrent Operation of Trust Business by a Financial Institution.

(7) In addition to what is listed in the preceding paragraphs, in cases of applying the provisions of the Financial Instruments and Exchange Act, the Trust Business Act, and the Act on Concurrent Operation of Trust Business by a Financial Institution pursuant to the provisions of this Article, any technical replacement of terms and other necessary matters shall be specified by a Cabinet Order.

(Submission, etc. of Materials to the Minister of Finance)

Article 224 (1) When the Minister of Finance finds it necessary for the planning or drafting of a system pertaining to an Investment Trust (including a Foreign Investment Trust; the same shall apply in the following paragraph) or an Investment Corporation (including a Foreign Investment Corporation; the same shall apply in the following paragraph), in relation to a system for the disposition of failed financial institutions and financial risk management under his/her jurisdiction, he/she may request that the Prime Minister provide the necessary materials and an explanation thereof.

(2) When the Minister of Finance finds it particularly necessary for the planning or drafting of a system pertaining to an Investment Trust or Investment Corporation in relation to a system for the disposition of failed financial institutions and financial risk management under his/her jurisdiction, he/she shall, within the limit necessary, request that the Settlor Company of the Investment Trust, the Trustee Company, the Asset Management Company, the Asset Custody Company, or any other persons concerned provide materials, explanations thereof, and any other cooperation.

(Consultation, etc.)

Article 224-2 Where the Prime Minister establishes a Cabinet Office Ordinance (limited to one specified by a Cabinet Order) or issues an order or other disposition (limited to one specified by a Cabinet Order), or where a notification (limited to one specified by a Cabinet Order) or an application for

registration has been filed with the Prime Minister in relation to Real Property and Specified Assets specified by a Cabinet Order pursuant to the provisions of this Act and the provisions of the Financial Instruments and Exchange Act, the Trust Business Act , or the Act on Concurrent Operation of Trust Business by a Financial Institution as applied by replacing terms pursuant to Article 223-3, those matters related to consultation between the Prime Minister and the Minister of Finance or another head of an administrative organ, notices to be given to the Minister of Finance or another head of an administrative organ, and other procedures shall be specified by a Cabinet Order.

(Delegation of Authority, etc.)

Article 225 (1) The Prime Minister shall delegate to the Commissioner of the Financial Services Agency the authority vested in this Act (excluding that specified by a Cabinet Order).

(2) The Commissioner of the Financial Services Agency shall, from within the authority delegated under the provisions of the preceding paragraph, delegate the authority prescribed in Article 213, paragraph (1) (limited to that related to the provisions specified by a Cabinet Order as that for securing the fairness of transactions pertaining to the Public Offering, etc. of Investment Securities) to the Securities and Exchange Surveillance Commission (hereinafter referred to as the "Commission"); provided; however, that this shall not preclude the Commissioner of the Financial Services Agency from exercising his/her authority to issue an order for the submission of reports or materials.

(3) The Commissioner of the Financial Services Agency may, from within the authority delegated under paragraph (1) (excluding that delegated to the Commission pursuant to the preceding paragraph), delegate the authority prescribed in Article 22, paragraph (1) and Article 213, paragraph (1) through paragraph (5) to the Commission.

(4) When the Commission has exercised any of the authority delegated thereto under the preceding paragraph, it shall promptly report the results thereof to the Commissioner of the Financial Services Agency.

(5) The Commissioner of the Financial Services Agency may, pursuant to the provisions of a Cabinet Order, delegate part of the authority delegated thereto pursuant to paragraph (1) (excluding those delegated to the Commission under paragraph (2) and paragraph (3)) to the director-general of a finance bureau or the commissioner of a local finance branch bureau.

(6) The Commission may, pursuant to the provisions of a Cabinet Order, delegate part of the authority delegated thereto pursuant to paragraph (2) or paragraph (3) to the director-general of a finance bureau or the commissioner of a local finance branch bureau.

(7) With regard to business affairs pertaining to the authority delegated to the

director-general of a finance bureau or the commissioner of a local finance branch bureau under the preceding paragraph, the Commission shall control and supervise the director-general of a finance bureau or the commissioner of a local finance branch bureau.

(Filing of Appeal Against an Order Issued by the Commission)

Article 225-2 An appeal under the Administrative Appeal Act (Act No. 160 of 1962) concerning an order for the submission of reports or materials issued by the Commission under paragraph (2) or paragraph (3) of the preceding Article (including cases where the director-general of a finance bureau or commissioner of a local finance branch bureau issues such order) may be filed only against the Commission.

(Implementation Provisions)

Article 226 Procedures for the enforcement of this Act and any other matters necessary for the execution thereof shall be specified by a Cabinet Office Ordinance.

(Transitional Measures)

Article 227 In cases where an order is established, revised, or abolished based on the provisions of this Act, the transitional measures necessary (including transitional measures concerning penal provisions) may be provided in such order, to the extent considered reasonably necessary for the establishment, revision, or abolition of said order.

Part V Penal Provisions

Article 228 (1) When any of the following persons, with the aim of serving their own interests or the interests of a third party, or of inflicting damages on an Investment Corporation, commits an act in breach of his/her duties and causes financial damages to said Investment Corporation, such person shall be punished by imprisonment with labor for not more than ten years, a fine of not more than ten million yen, or both:

- (i) An organizer(s) of an Investment Corporation;
- (ii) A Corporate Officer(s) at Establishment or Supervisory Officers at Establishment of an Investment Corporation;
- (iii) A corporate officer(s) or supervisory officers of an Investment Corporation;
- (iv) A person to perform the duties of a corporate officer or supervisory officer of an Investment Corporation who has been appointed by the provisional disposition order prescribed in Article 56 of the Civil Provisional Remedies Act (Act No. 91 of 1989);

- (v) A person to temporarily perform the duties of an officer of an Investment Corporation, who has been appointed pursuant to the provisions of Article 108, paragraph (2);
 - (vi) An Administrative Agent; or
 - (vii) An inspector of an Investment Corporation.
- (2) The provisions of the preceding paragraph shall also apply when any of the following persons, with the aim of serving their own interests or the interests of a third party, or of inflicting damages on an Investment Corporation in Liquidation, commit an act in breach of their duties and cause financial damages to said Investment Corporation in Liquidation:
- (i) An executive liquidator(s) or liquidation supervisors of an Investment Corporation in Liquidation;
 - (ii) A person to perform the duties of an executive liquidator or a liquidation supervisor of an Investment Corporation in Liquidation who has been appointed by a provisional disposition order as set forth in Article 56 of the Civil Provisional Remedies Act;
 - (iii) A person to temporarily perform the duties of an executive liquidator or a liquidation supervisor of an Investment Corporation in Liquidation who has been appointed pursuant to the provisions of Article 108, paragraph (2) as applied mutatis mutandis pursuant to Article 153, paragraph (2);
 - (iv) An Executive Liquidator's Agent (meaning an executive liquidator's agent appointed pursuant to the provisions of Article 525, paragraph (1) of the Companies Act as applied mutatis mutandis by replacing certain terms pursuant to Article 164, paragraph (4); the same shall apply in Article 249) of an Investment Corporation in Liquidation;
 - (v) A Supervisor (meaning a supervisor appointed pursuant to the provisions of Article 527, paragraph (1) of the Companies Act as applied mutatis mutandis pursuant to Article 164, paragraph (4); the same shall apply in Article 249) of an Investment Corporation in Liquidation; or
 - (vi) An Investigator (meaning an investigator appointed pursuant to the provisions of Article 533 of the Companies Act as applied mutatis mutandis pursuant to Article 164, paragraph (4); the same shall apply in Article 249) of an Investment Corporation in Liquidation.
- (3) Any attempt to commit a crime under the preceding two paragraphs shall be punished.

Article 228-2 (1) When the Representative Creditor of an Investment Corporation (meaning a representative creditor of an Investment Corporation appointed pursuant to the provisions of Article 736, paragraph (1) of the Companies Act as applied mutatis mutandis pursuant to Article 139-10, paragraph (2); the same shall apply in Article 233, paragraph (1), item (ii) and

Article 249) or the Resolution Administrator (meaning a Resolution Administrator as prescribed in Article 737, paragraph (2) of the Companies Act as applied mutatis mutandis pursuant to Article 139-10, paragraph (2); the same shall apply in Article 233, paragraph (1), item (ii) and Article 249) of an Investment Corporation, with the aim of serving his/her own interests or the interests of a third party, or of inflicting damages on the Creditors of an Investment Corporation, commits an act in breach of his/her duties and causes financial damages to the Creditors of an Investment Corporation, he/she shall be punished by imprisonment with labor for not more than five years, a fine of not more than five million yen, or both.

(2) Any attempt to commit a crime under the preceding paragraph shall be punished.

Article 229 (1) When the organizer(s) of an Investment Corporation, in violation of Article 67, paragraph (1) (limited to the part pertaining to item (xvii) and item (xviii)), has failed to state or record the matters to be stated or recorded in the certificate of incorporation, or has made a false statement or record therein, he/she shall be punished by imprisonment with labor for not more than five years, a fine of not more than five million yen, or both.

(2) The provisions of the preceding paragraph shall also apply when any of the persons listed in Article 228, paragraph (1), item (i) or item (ii) have, with regard to a payment made under Article 63, paragraph (1) of the Companies Act as applied mutatis mutandis pursuant to Article 71, paragraph (10), made a false statement to the Organizational Meeting or concealed facts therefrom.

(3) The provisions of paragraph (1) shall also apply when any of the persons listed in Article 228, paragraph (1), item (iii) through item (vi) come to fall under any of the following cases:

(i) When the person, under any name, has unlawfully acquired Investment Equity from an Investment Corporation on the account of such Investment Corporation or received such equity as the subject of a pledge;

(ii) When the person has, in violation of laws, regulations, or the provisions of the certificate of incorporation, paid the remuneration of an organizer(s), corporate officer(s), supervisory officers, or an accounting auditor(s), has paid asset investment fees, fees for custody of assets, or any other costs for asset investment or custody of assets, or has refunded the Investment Equity or distributed monies; or

(iii) When the person has disposed of an Investment Corporation's property for the purpose of speculative trading outside the scope of the purpose of the Investment Corporation.

Article 230 (1) When any of the persons listed in Article 228, paragraph (1), item

- (i) through item (vi) have, in soliciting persons to subscribe for Investment Equity or Investment Corporation Bonds, used Materials that provide explanations about the business of the Investment Corporation or any other matters, advertisements for said solicitation, or any other documents related to said solicitation that contain false statements on important matters, or in cases where Electromagnetic Records have been prepared in lieu of the preparation of such documents, has used said Electromagnetic Records that contain a false record on important matters for the administration of such solicitation, he/she shall be punished by imprisonment with labor for not more than five years, a fine of not more than five million yen, or both.
- (2) The provisions of the preceding paragraph shall also apply when a person who carries out the secondary distribution of Investment Equity or Investment Corporation Bonds has used documents concerning such secondary distribution that contain a false statement on important matters, or, in cases where Electromagnetic Records have been prepared in lieu of the preparation of said documents, has used said Electromagnetic Records that contain a false record on important matters for the administration of such secondary distribution.

Article 231 When any of the persons listed in Article 228, paragraph (1) item (i) through item (vi) have borrowed and deposited monies to disguise a payment related to the issue of Investment Equity, they shall be punished by imprisonment with labor for not more than five years, a fine of not more than five million yen, or both. The same shall apply to any person who has accepted such borrowing and depositing.

Article 232 When any of the following persons has issued Investment Equity in excess of the total number of units of Investment Equity which the Investment Corporation is authorized to issue, such persons shall be punished by imprisonment with labor for not more than five years or a fine of not more than five million yen:

- (i) An organizer(s) of an Investment Corporation;
- (ii) A Corporate Officer(s) at Establishment of an Investment Corporation;
- (iii) A corporate officer(s) of an Investment Corporation or the executive liquidator(s) of an Investment Corporation in Liquidation;
- (iv) A person to perform the duties of a corporate officer of an Investment Corporation or the executive liquidator of an Investment Corporation in Liquidation who has been appointed by a provisional disposition order as prescribed in Article 56 of the Civil Provisional Remedies Act; or
- (v) A person to temporarily perform the duties of an officer of an Investment Corporation (limited to corporate officers) or an executive liquidator of an Investment Corporation in Liquidation who has been appointed under the

provisions of Article 108, paragraph (2) (including the cases where it is applied mutatis mutandis pursuant to Article 153, paragraph (2)).

Article 233 (1) When any of the following persons have accepted, solicited or promised to accept property benefits in connection with their duties, in response to a wrongful request, such persons shall be punished by imprisonment with labor for not more than five years or a fine of not more than five million yen:

- (i) Persons listed in the items of Article 228, paragraph (1) or the items of Article 228, paragraph (2);
 - (ii) A Representative Creditor of an Investment Corporation or Resolution Administrator of an Investment Corporation; or
 - (iii) An accounting auditor of an Investment Corporation or a person to temporarily perform the duties of an accounting auditor who has been appointed pursuant to Article 108, paragraph (3).
- (2) Any person who has given, offered, or promised to give the benefits set forth in the preceding paragraph shall be punished by imprisonment with labor for not more than three years or a fine of not more than three million yen.

Article 234 (1) In response to a wrongful request, any person who has accepted, solicited, or promised to accept property benefits in relation to the following matters, shall be punished by imprisonment with labor for not more than five years or a fine of not more than five million yen:

- (i) A statement of opinions or exercise of voting rights at an Investors' meeting, Organizational Meeting, meeting of Creditors of an Investment Corporation, or Creditors Meeting (meaning a creditors meeting as set forth in Article 546, paragraph (1) of the Companies Act as applied mutatis mutandis pursuant to Article 164, paragraph (4); the same shall apply in Article 249, item (vi));
- (ii) Exercise of the rights of an Investor as prescribed in Article 110, paragraph (1), Article 115-6, paragraph (10), or Article 128-3, paragraph (1), the provisions Article 297, paragraph (1) or paragraph (4) of the Companies Act as applied mutatis mutandis pursuant to Article 90, paragraph (3), the provisions of Article 303, paragraph (2), Article 304, the main clause of Article 305, paragraph (1), or Article 306, paragraph (1) of that Act as applied mutatis mutandis pursuant to Article 94, paragraph (1), or the provisions of Article 360, paragraph (1) of that Act as applied mutatis mutandis pursuant to Article 109, paragraph (5) or Article 153-3, paragraph (2), exercise of the rights of an Investor or creditor as prescribed in Article 164, paragraph (2) or the provisions of Article 522, paragraph (1) of that Act as applied mutatis mutandis pursuant to Article 164, paragraph (4) or exercise of a creditor's right as prescribed in Article 457, paragraph (1) or

paragraph (3) of that Act as applied mutatis mutandis pursuant to Article 164, paragraph (4);

- (iii) Exercise of the right of the Creditors of an Investment Corporation who hold Investment Corporation Bonds of not less than one-tenth of the total amount of Investment Corporation Bonds (excluding Investment Corporation Bonds that have been redeemed);
- (iv) Filing of an action prescribed in this Act or the Companies Act as applied mutatis mutandis pursuant to this Act (limited to actions filed by Investors or creditors of an Investment Corporation); or
- (v) An intervention by Investors in a suit under the provisions of Article 849, paragraph (1) of the Companies Act as applied mutatis mutandis pursuant to this Act.

(2) The provisions of the preceding paragraph shall also apply to a person who has given, offered, or promised to give the benefits set forth in that paragraph.

Article 235 In the case referred to in Article 233, paragraph (1) or paragraph (1) of the preceding Article, the benefits accepted by the offender shall be confiscated. When it is not possible to confiscate the whole or part of such benefits, their equivalent value shall be collected.

Article 236 (1) When any of the persons listed in Article 228, paragraph (1), item (iii) through (vi) have given property benefits on the account of an Investment Corporation or its Subsidiary Corporation in relation to the exercise of the rights of an Investor, they shall be punished by imprisonment with labor for not more than three years or a fine of not more than three million yen.

(2) The provisions of the preceding paragraph shall also apply to a person who has knowingly accepted the benefits set forth in the preceding paragraph or caused such benefits to be given to a third party.

(3) The provisions of paragraph (1) shall also apply to a person who has requested that any of the persons prescribed in that paragraph give him/her or a third party the benefits prescribed in paragraph (1) on the account of an Investment Corporation or its Subsidiary Corporation in relation to the exercise of the rights of an Investor.

(4) When a person who has committed either of the crimes set forth in the preceding two paragraphs has intimidated the persons prescribed in paragraph (1) in the commission of such crimes, the former person shall be punished by imprisonment with labor for not more than five years or a fine of not more than five million yen.

(5) A person who has committed any of the crimes set forth in the preceding three paragraphs may be punished by the cumulative imposition of both imprisonment with labor and a fine in accordance with the circumstances

thereof.

- (6) When a person who has committed the crime set forth in paragraph (1) has surrendered, his/her punishment may be reduced or he/she may be exempted from punishment.

Article 237 (1) The crimes set forth in Article 228 through Article 229, Article 231, Article 232, Article 233, paragraph (1), Article 234, paragraph (1), and paragraph (1) of the preceding Article shall also apply to a person who has committed those crimes outside Japan.

- (2) The crimes set forth in Article 233, paragraph (2), Article 234, paragraph (2) and paragraph (2) through paragraph (4) of the preceding Article shall be governed by Article 2 of the Penal Code.

Article 238 In cases where the person prescribed in Article 228, paragraph (1) or paragraph (2), Article 228-2, paragraph (1), Article 229 through Article 232, Article 233, paragraph (1), or Article 236, paragraph (1) is a juridical person, these provisions, Article 228, paragraph (3), and Article 228-2, paragraph (2) shall apply respectively to the director, executive officer, or any other officer executing business or the manager who has committed such acts.

Article 239 Any person who falls under any of the following items shall be punished by imprisonment with labor for not more than three years, a fine of not more than three million yen, or both:

- (i) A person who has violated the provisions of Article 3 or Article 7;
- (ii) A person who has violated the orders issued under Article 26, paragraph (1) (including the cases where it is applied mutatis mutandis pursuant to Article 54, paragraph (1)), Article 60, paragraph (1), Article 219, paragraph (1), or Article 223(1);
- (iii) A person who has violated the provisions of Article 47, paragraph (1) or Article 48; or
- (iv) A person who has administered the affairs related to a Public Offering, etc. in violation of Article 196, paragraph (1).

Article 240 When any of the violations listed in the following items have occurred, the organizer(s) of an Investment Corporation (in cases where the organizer is a juridical person, its representative person, agent, employee, or any other worker) or any of the persons listed in Article 228, paragraph (1), item (iii) through item (v) or Article 228, paragraph (2), item (i) through item (iv) who have committed a violation shall be punished by imprisonment with labor for not more than three years or a fine of not more than three million yen:

- (i) When the Investment Corporation has violated the provisions of Article 195;
or
- (ii) When the Investment Corporation has violated the provisions of Article 39, paragraph (1) of the Financial Instruments and Exchange Act as applied mutatis mutandis pursuant to Article 197.

Article 241 When any of the violations listed in the following items has occurred, the organizer(s) of an Investment Corporation (in cases where the organizer is a juridical person, its representative person, agent, employee, or any other worker), any of the persons listed in Article 228, paragraph (1), item (iii) through item (v), Article 228, paragraph (2), item (i) through item (iv), or the representative person, agent, employee, or any other worker of an Asset Custody Company who has committed a violation shall be punished by imprisonment with labor for not more than two years or a fine of not more than three million yen:

- (i) When an Asset Custody Company fails to retain the Investment Corporation's assets separately from its own property in violation of Article 209-2; or
- (ii) When an organizer(s) of Investment Corporation has violated the orders issued under Article 214, paragraph (1).

Article 242 A person who falls under any of the following items shall be punished by imprisonment with labor for not more than one year, a fine of not more than three million yen, or both:

- (i) A person who has failed to prepare or preserve the books and documents pursuant to Article 15, paragraph (1) or Article 211, paragraph (1) or paragraph (2) or who has prepared false books or documents;
- (ii) A person who has failed to make a report or submit materials pursuant to Article 22, paragraph (1) or Article 213, paragraph (1) through paragraph (4), who has made a false report or submitted false materials, who has refused, hindered, or avoided inspections under said provisions, or who has not answered the questions asked under said provisions or has given a false answer; or
- (iii) A person who has failed to make a report or submit materials pursuant to Article 213, paragraph (5) or who has made a false report or submitted false materials.

Article 243 A person falling under any of the following items shall be punished by imprisonment with labor for not more than one year or a fine of not more than one million yen, or both:

- (i) A person who has violated the provisions of Article 6, paragraph (1); or

- (ii) A person who has violated the provisions of Article 39, paragraph (2) of the Financial Instruments and Exchange Act as applied mutatis mutandis pursuant to Article 197.

Article 244 In the case referred to in item (ii) of the preceding Article, the property benefits received by the offender or by a third party who knows the circumstances shall be confiscated. When it is impossible to confiscate the whole or part of such benefits, their equivalent value shall be collected.

Article 245 When any of the violations listed in the following items has occurred, the representative person, agent, employee, or any other worker of a Settlor Company of an Investment Trust or a person who was a Settlor Company of an Investment Trust, the organizer(s) of an Investment Corporation (in cases where the organizer is a juridical person, its representative person, agent, employee, or any other worker) or any of the persons listed in Article 228, paragraph (1), item (iii) through item (v) or Article 228, paragraph (2) item (i) through item (iv) who has committed a violation shall be punished by imprisonment with labor for not more than one year, a fine of not more than one million yen, or both:

- (i) When a Settlor Company of an Investment Trust has violated the conditions attached under Article 23, paragraph (4);
- (ii) When a Settlor Company of an Investment Trust has failed to cancel an Investment Trust Contract in violation of Article 24, paragraph (1);
- (iii) When an Investment Corporation, in violation of Article 187, has carried out the acts set forth in Article 193 without obtaining registration; or
- (iv) When an Investment Corporation has entered a false statement in the written application or documents prescribed in Article 39, paragraph (5) of the Financial Instruments and Exchange Act as applied mutatis mutandis pursuant to Article 197 and submitted them.

Article 246 A person who falls under any of the following items shall be punished by imprisonment with labor for not more than six months or a fine of not more than 500 thousand yen, or both:

- (i) A person who has failed to make a notification under Article 4, paragraph (1), Article 14, paragraph (3) (including the cases where it is applied mutatis mutandis pursuant to Article 54, paragraph (1) or Article 59), Article 16 (including the cases where it is applied mutatis mutandis pursuant to Article 54, paragraph (1) or Article 59), Article 19 (including the cases where it is applied mutatis mutandis pursuant to Article 59), Article 49, paragraph (1), Article 58, paragraph (1), Article 191, paragraph (1), Article 192, paragraph (1), Article 220, paragraph (1), Article 221, paragraph (1), or Article 222,

- paragraph (2), or who has made a false notification;
- (ii) A person who has failed to state the matters to be stated in the Basic Terms and Conditions of the Investment Trust as set forth in Article 4, paragraph (2) or Article 49, paragraph (2), or who has made a false statement;
 - (iii) A person who has failed to deliver the documents under Article 5, paragraph (1) (including the cases where it is applied mutatis mutandis pursuant to Article 54, paragraph (1) or Article 59) or who has delivered documents containing false statements;
 - (iv) A person who has failed to deliver the documents under Article 13, paragraph (1) (including the cases where it is applied mutatis mutandis pursuant to Article 54, paragraph (1)) or Article 203, paragraph (1) or paragraph (2), or who has delivered documents containing false statements;
 - (v) A person who has failed to prepare the investment reports under Article 14, paragraph (1) (including cases where it is applied mutatis mutandis pursuant to Article 54, paragraph (1) or Article 59) or who has delivered investment reports containing false statements;
 - (vi) A person who has failed to give public notice under Article 24, paragraph (3);
 - (vii) A person who has attached a false statement to the attached documents under Article 58, paragraph (2), Article 220, paragraph (2), or Article 221, paragraph (2);
 - (viii) A person who has failed to make the notification under Article 69, paragraph (1) or has made a false notification, or who has made a false statement or record in the documents or Electromagnetic Records to be attached to the notification set forth in Article 69, paragraph (1) under Article 69, paragraph (2) or paragraph (3) and submitted them;
 - (ix) A person who has made a false statement in the written application for registration under Article 188, paragraph (1) or the attached documents under Article 188, paragraph (2) and submitted them;
 - (x) A person who has failed to submit business reports under Article 212 or who has made a false statement in said business reports and submitted them; or
 - (xi) A person who has made a false statement in the extraordinary report under Article 215, paragraph (1) and submitted it.

Article 247 A person falling under any of the following items shall be punished by a fine of not more than 300 thousand yen:

- (i) A person who has issued Beneficiary Securities that do not state the matters prescribed in Article 6, paragraph (6) or Article 50, paragraph (2) or who has issued Beneficiary Certificates containing false statements;
- (ii) A person who has, in violation of Article 25, paragraph (2) (including the

cases where it is applied mutatis mutandis pursuant to Article 59) or the provisions of Article 955, paragraph (1) of the Companies Act as applied mutatis mutandis pursuant to Article 186-2, paragraph (4), failed to state or record the matters specified by an Ordinance of the Ministry of Justice in relation to the Electronic Public Notice investigations under Article 955, paragraph (1) of that Act in the Investigation Record Book, etc. (meaning an Investigation Record Book as prescribed in that paragraph; hereinafter the same shall apply in this item), who has made a false statement or record, or who has, in violation of Article 955, paragraph (1) of that Act, failed to preserve the Investigation Record Book, etc.; or

(iii) A person who has, in violation of Article 37-3, paragraph (1) (excluding item (ii) and item (vi)) or Article 37-4, paragraph (1) of the Financial Instruments and Exchange Act as applied mutatis mutandis pursuant to Article 197, failed to deliver documents, who has delivered documents that do not contain the matters set forth in said provisions, or has delivered documents containing a false statement, or a person who has made provisions lacking said matters or of matters which have been falsely stated under the method prescribed in Article 34-2, paragraph (4) of that Act as applied mutatis mutandis pursuant to the provisions of Article 37-3, paragraph (2) or Article 37-4, paragraph (2) of that Act which are applied mutatis mutandis pursuant to Article 197.

Article 248 When a representative person of a juridical person (excluding Investment Corporations; hereinafter the same shall apply in this Article) or an agent, employee, or any other worker of a juridical person or individual commits any of the violations listed in the following items in relation to the business of the juridical person or individual, in addition to punishing the Offender, the juridical person shall be punished by the fine specified in said items and the individual shall be punished by the fine prescribed in the respective Articles:

- (i) Article 240 or Article 241: A fine of not more than 300 million yen;
- (ii) Article 242: A fine of not more than 200 million yen;
- (iii) Article 243, item (ii) or Article 245, item (iv): A fine of not more than 100 million yen; and
- (iv) Article 239, Article 243, item (i), Article 245, item (i) through item (iii) or the preceding two Articles: A fine as prescribed in the respective Articles.

Article 249 When a Settlor Company of an Investment Trust or a person who was a Settlor Company of an Investment Trust, a Trust Company, etc., an administrator of the registry of beneficial interest holders, an issuer of the Beneficiary Certificates of a Foreign Investment Trust, an Investment

Corporation's organizer(s), Corporate Officer(s) at Establishment, Supervisory Officers at Establishment, corporate officer(s), supervisory officers, accounting auditor(s) or a member to perform the duties thereof, executive liquidator(s), liquidation supervisors, Executive Liquidator's Agent, person to perform duties on behalf of a corporate officer(s), supervisory officers, executive liquidator(s) or liquidation supervisors appointed by a provisional disposition order under Article 56 of the Civil Provisional Remedies Act, person to temporarily perform the duties on behalf of an officer as prescribed in Article 228, paragraph (1), item (v), person to temporarily perform the duties on behalf of an executive liquidator or liquidation supervisor prescribed in Article 228, paragraph (2), item (iii), person to temporarily perform the duties of an accounting auditor as prescribed in Article 233, paragraph (1), item (iii), inspector, Supervisor, Investigator, administrator of Investment Corporation Bonds, manager of the Investment Corporation Bonds to succeed to the administration of the Investment Corporation Bonds, Representative Creditor of an Investment Corporation or Resolution Administrator, Administrative Agent, Asset Management Company, or Asset Custody Company falls under any of the following items, such person shall be punished by a non-penal fine of not more than one million yen; provided, however, that this shall not apply when such acts should be made subject to criminal punishment:

- (i) When the person has failed to complete a registration under the provisions of this Act or the provisions of the Companies Act as applied mutatis mutandis pursuant to this Act;
- (ii) When the person has failed to give public notice or notice under the provisions of this Act or the provisions of the Companies Act or Trust Act as applied mutatis mutandis pursuant to this Act, or has given improper public notice or notice;
- (iii) When the person has failed to keep books, documents, or Electromagnetic Records, in violation of the provisions of this Act or the provisions of the Companies Act or Trust Act as applied mutatis mutandis pursuant to this Act;
- (iv) When the person has refused to allow the inspection or copying of documents or anything that indicates the matters recorded in the Electromagnetic Record in a manner specified by a Cabinet Office Ordinance, to deliver a transcript or an extract of documents, to provide the matters recorded in the Electromagnetic Record by Electromagnetic Means, or to deliver documents stating such matters, without justifiable grounds and in violation of the provisions of this Act or the provisions of the Companies Act or Trust Act as applied mutatis mutandis pursuant to this Act;
- (v) When the person has refused, hindered, or avoided an investigation to be carried out under the provisions of this Act or the provisions of the

- Companies Act as applied mutatis mutandis pursuant to this Act;
- (vi) When the person, with regard to the matters provided in this Act or the Companies Act as applied mutatis mutandis pursuant to this Act, has made a false statement to or concealed facts from a government agency, at an Investors' meeting, Organizational Meeting, at an Investment Corporation Creditors' meeting, or at a Creditors' Meeting;
 - (vii) When the person has failed to state or record the matters to be stated or recorded in the registry of beneficial interest holders, certificate of incorporation, Investors registry, Investment Corporation Bonds registry, minutes, inventory of property, accounting books, balance sheet, profit and loss statement, asset investment report, statements related to the distribution of monies, the annexed detailed statement set forth in Article 129, paragraph (2), accounting audit report, statement of accounts or the documents or Electromagnetic Record set forth in Article 149, paragraph (1), Article 149-6, paragraph (1), Article 149-10, paragraph (1), Article 149-11, paragraph (1), or Article 149-16, paragraph (1) of this Act or the provisions of Article 682, paragraph (1) or Article 695 of the Companies Act as applied mutatis mutandis pursuant to Article 139-7, or who has made a false statement or record;
 - (viii) When the person has violated the provisions of Article 11 (including the cases where it is applied mutatis mutandis pursuant to Article 54, paragraph (1)) or Article 201;
 - (ix) When the person has failed to request an investigation under Article 941 of the Companies Act, in violation of that Article as applied mutatis mutandis pursuant to Article 25, paragraph (2) (including the cases where it is applied mutatis mutandis pursuant to Article 59) or Article 186-2, paragraph (4) of this Act;
 - (x) When the person has violated the provisions of Article 47, paragraph (2);
 - (xi) When the person has failed to invest Investment Trust Property separately from trust property other than the Investment Trust Property, in violation of Article 53;
 - (xii) When the person has failed to provide an explanation for matters for which an explanation was required by the Investors or Investors at Establishment at an Investors' meeting or Organizational Meeting, without justifiable grounds;
 - (xiii) When the person has acquired Investment Equity, in violation of Article 81, paragraph (1), or has failed to dispose of Investment Equity, in violation of Article 80, paragraph (2) or Article 81, paragraph (3);
 - (xiv) When the person has issued Investment Securities, etc. prior to the day of issue of Investment Equity or Investment Corporation Bonds;
 - (xv) When the person has failed to issue Investment Securities, etc. without

- delay, in violation of Article 85, paragraph (1) of this Act or the provisions of Article 696 of the Companies Act as applied mutatis mutandis pursuant to Article 139-7;
- (xvi) When the person has failed to state the matters to be stated on Investment Securities, etc., or has made a false statement;
 - (xvii) When, in violation of Article 86, paragraph (4), the person has failed to repeal the provisions set forth in that paragraph;
 - (xviii) When, in cases where a demand as prescribed in Article 303, paragraph (2) of the Companies Act as applied mutatis mutandis pursuant to Article 94, paragraph (1) has been filed, the person has failed to include the matters pertaining to such demand as a subject for an Investors' meeting;
 - (xix) When the person has failed to call an Investors' meeting, in violation of the orders from the Prime Minister under Article 307, paragraph (1), item (i) of the Companies Act as applied mutatis mutandis by replacing certain terms pursuant to Article 94, paragraph (1), or the provisions of Article 359, paragraph (1), item (i) of the Companies Act as applied mutatis mutandis by replacing certain terms pursuant to Article 110, paragraph (2);
 - (xx) When, in cases where there is a shortfall in the number of corporate officers, supervisory officers, or accounting auditors specified by this Act or the certificate of incorporation, the person who has failed to carry out the procedures for appointing a person(s) to assume such position (including the appointment of a person to temporarily perform the duties of an accounting auditor);
 - (xxi) When the person has failed to disclose the matters under Article 115-6, paragraph (4);
 - (xxii) When the person has violated the provisions of Article 117, Article 198, paragraph (1), Article 207, paragraph (2) or paragraph (3), or Article 208, paragraph (1);
 - (xxiii) When the person has failed to provide Financial Statements, asset investment reports, or statements related to the distribution of monies, accounting audit report, or statement of accounts in giving notice to the Investors, in violation of Article 131, paragraph (5) or Article 160, paragraph (3);
 - (xxiv) When the person has issued Investment Corporation Bonds in violation of Article 139-2 or Article 139-8 or has failed to specify a manager of the Investment Corporation Bonds to succeed to the administration of Investment Corporation Bonds in violation of Article 714, paragraph (1) of the Companies Act as applied mutatis mutandis pursuant to Article 139-9, paragraph (8);
 - (xxv) When the person has changed the certificate of incorporation in violation of Article 141, paragraph (2);

- (xxvi) When the person has reduced the Minimum Net Assets or implemented a merger, in violation of Article 142, paragraph (2) or paragraph (5), or Article 149-4, paragraph (2) or paragraph (5) (including the cases where these provisions are applied mutatis mutandis pursuant to Article 149-9 or Article 149-14) respectively;
- (xxvii) When the person has failed to file a petition for the commencement of bankruptcy proceedings, in violation of Article 484, paragraph (1) of the Companies Act as applied mutatis mutandis pursuant to Article 153-3, paragraph (2) or a petition for the commencement of special liquidation in violation of Article 164, paragraph (3);
- (xxviii) When the person has inappropriately specified the period set forth in Article 157, paragraph (1) for the purpose of delaying the completion of liquidation;
- (xxix) When the person has performed his/her obligations in violation of the provisions of Article 500, paragraph (1) of the Companies Act as applied mutatis mutandis pursuant to Article 157, paragraph (3) or the provisions Article 537, paragraph (1) of that Act as applied mutatis mutandis pursuant to Article 164, paragraph (4);
- (xxx) When the person has distributed the property of an Investment Corporation in Liquidation in violation of Article 502 of the Companies Act as applied mutatis mutandis pursuant to Article 157, paragraph (3);
- (xxxii) When the person has violated the orders issued under Article 162;
- (xxxiii) When the person has violated the provisions of Article 535, paragraph (1) or Article 536, paragraph (1) of the Companies Act as applied mutatis mutandis pursuant to Article 164, paragraph (4); or
- (xxxiiii) When the person has violated a temporary restraining order under the provisions of Article 540, paragraph (1) or paragraph (2) or Article 542, paragraph (1) or paragraph (2) of the Companies Act as applied mutatis mutandis pursuant to Article 164, paragraph (4).

Article 250 A person falling under any of the following items shall be punished by a non-penal fine of not more than one million yen:

- (i) A person who has failed to make a report, in violation of Article 946, paragraph (3) of the Companies Act as applied mutatis mutandis pursuant to Article 25, paragraph (2) (including the cases where it is applied mutatis mutandis pursuant to Article 59) or Article 186-2, paragraph (4), or who has made a false report; or
- (ii) A person who has refused the requests listed in the items of Article 951, paragraph (2) or the items of Article 955, paragraph (2) of the Companies Act as applied mutatis mutandis pursuant to Article 25, paragraph (2) (including the cases where it is applied mutatis mutandis pursuant to Article 59) or

Article 186-2, paragraph (4).

Article 251 A person who falls under any of the following items shall be punished by a non-penal fine of not more than one million yen:

- (i) A person who has used in its name or trade name any term which is likely to mislead people into believing that the person is an Investment Corporation, in violation of Article 64, paragraph (3); or
- (ii) A person who has used any name or trade name that is likely to mislead people into believing that said person is a different Investment Corporation, in violation of Article 64, paragraph (4).

Article 252 A person falling under any of the following items shall be punished by a non-penal fine of not more than 50 thousand yen:

- (i) A person who has failed to appear or make a statement, who has made a false statement, who has failed to submit opinions or reports, or who has submitted false opinions or reports, in violation of the dispositions for the persons concerned or witnesses under Article 187, item (i) of the Financial Instruments and Exchange Act as applied mutatis mutandis pursuant to Article 26, paragraph (7) (including the cases where it is applied mutatis mutandis pursuant to Article 54, paragraph (1)), Article 60, paragraph (3), Article 219, paragraph (3) or Article 223, paragraph (3);
- (ii) A person who has failed to appear or present an expert opinion, or who has presented a false expert opinion, in violation of the disposition for an expert witness under Article 187, item (ii) of the Financial Instruments and Exchange Act as applied mutatis mutandis pursuant to Article 26, paragraph (7) (including the cases where it is applied mutatis mutandis pursuant to Article 54, paragraph (1)), Article 60, paragraph (3), Article 219, paragraph (3), or Article 223, paragraph (3);
- (iii) A person who has failed to submit articles in violation of the disposition for the person concerned under Article 187, item (iii) of the Financial Instruments and Exchange Act as applied mutatis mutandis pursuant to Article 26, paragraph (7) (including the cases where it is applied mutatis mutandis pursuant to Article 54, paragraph (1)), Article 60, paragraph (3), Article 219, paragraph (3), or Article 223, paragraph (3); or
- (iv) A person who has refused, hindered, or avoided the inspection under Article 187, item (iv) of the Financial Instruments and Exchange Act as applied mutatis mutandis pursuant to Article 26, paragraph (7) (including the cases where it is applied mutatis mutandis pursuant to Article 54, paragraph (1)), Article 60, paragraph (3), Article 219, paragraph (3), or Article 223, paragraph (3).