

Banking Act

(Act No. 59 of June 1, 1981)

The Banking Act (Act No. 21 of 1927) is hereby fully revised.

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Chapter I General Provisions

(Purpose)

- Article 1 (1) The purpose of this Act is, in view of the public nature of banking services and for the purpose of maintaining their credibility, securing protection for depositors, etc. and facilitating the smooth functioning of financial services, to ensure the sound and appropriate operations of banking services, thereby contributing to the sound development of the national economy.
- (2) In the application of this Act, due consideration shall be given to respecting banks' voluntary efforts to manage their own services.

(Definitions, etc.)

- Article 2 (1) The term "Bank" as used in this Act means a person who engages in Banking under the license from the Prime Minister prescribed in Article 4, paragraph (1).
- (2) The term "Banking" as used in this Act means commercial pursuits carried out through any of the following acts:
- (i) Acceptance of deposits or Installment Savings, in addition to loans of fund, or the discounting of bills and notes; or
 - (ii) Carrying out exchange transactions.
- (3) The term "Installment Savings" as used in this Act means money accepted several times at regular intervals or within a fixed period of time on the promise of payment of a fixed amount of money on a designated date.
- (4) The term "Installment Savings, etc." as used in this Act means, in addition to Installment Savings, installment deposits accepted within a designated fixed period of time on the promise of payment of a fixed amount of money on or before the end of that period.
- (5) The term "Depositors, etc." as used in this Act means depositors and persons who make Installment Savings (including persons who make installment deposits as prescribed in the preceding paragraph).
- (6) The term "Voting Rights Held by All of the Shareholders, etc." as used in this Act means voting rights of all shareholders or all equity investors (in the case of a stock company, excluding voting rights related to shares which do not allow the holder to exercise voting rights for all of the matters which may be resolved at a shareholders' meeting, but including voting rights related to

shares whose holders are deemed to have voting rights pursuant to the provisions of Article 879, paragraph (3) (Jurisdiction in Special Liquidation Cases) of the Companies Act (Act No. 86 of 2005); the same shall apply hereinafter).

- (7) The term "Shares, etc." as used in this Act means shares or equity.
- (8) The term "Subsidiary Company" as used in this Act means a company for which voting rights exceeding fifty hundredths of the Voting Rights Held by All of the Shareholders, etc. are held by another company. In this case, a company for which voting rights exceeding fifty hundredths of the Voting Rights Held by All of the Shareholders, etc. are held jointly by the company and one or more of its Subsidiary Companies, or are held by one or more of the company's Subsidiary Companies shall be deemed to be a Subsidiary Company of the company.
- (9) The term "Lowest Threshold for a Major Shareholder" as used in this Act means twenty hundredths (fifteen hundredths in the case where a person who falls under the requirements specified by Cabinet Office Ordinance as the existence of a fact that is expected to have a material effect on the decisions on the financial and business policies of the company holds voting rights in the company) of the voting rights of all shareholders.
- (10) The term a "Bank's Major Shareholder" as used in this Act means a person who holds voting rights in a Bank which amount to the Lowest Threshold for a Major Shareholder or more (including a person who holds such voting rights in the name of another person (or under a fictitious name); the same shall apply hereinafter) and is established under the authorization set forth in Article 52-9, paragraph (1) or obtains the authorization prescribed in Article 52-9, paragraph (1) or the proviso to Article 52-9, paragraph (2).
- (11) In the case referred to in paragraph (8) and the preceding paragraph, the voting rights held by a company or an individual holder of voting rights shall not include any voting rights pertaining to Shares, etc. held in the form of trust property pertaining to a monetary or security trust (limited to cases where the settlor or the beneficiary may exercise voting rights or give instructions to the company or the holders of the voting rights) and any other voting rights specified by Cabinet Office Ordinance, but shall include any voting rights from Shares, etc. which are held as trust property and which the other company or the person who holds voting rights in the Bank may exercise, as the settlor or beneficiary, or on whose exercise he/she may give instructions (excluding those specified by Cabinet Office Ordinance) and any voting rights from shares which cannot be asserted against the issuer pursuant to the provisions of Article 147, paragraph (1) or Article 148, paragraph (1) of the Act on Transfer of Corporate Bonds, Shares, etc. (Act No. 75 of 2001).
- (12) The term "Holding Company" as used in this Act means a Holding Company

as provided in Article 9, paragraph (4), item (i) (Holding Company) of the Act on Prohibiting Private Monopolies and Ensuring Fair Trade (Act No. 54 of 1947).

- (13) The term "Bank Holding Company" as used in this Act means a Holding Company which has a Bank as its Subsidiary Company and has been established under the authorization set forth in Article 52-17, paragraph (1) or has obtained authorization prescribed in Article 52-17, paragraph (1) or the proviso to Article 52-17, paragraph (3).
- (14) The term "Bank Agency Services" as used in this Act means a commercial pursuit carried out through any of the following acts on behalf of a Bank:
- (i) Acting as an agent or intermediary for the conclusion of a contract on the acceptance of deposits or Installment Savings, etc.;
 - (ii) Acting as an agent or intermediary for the conclusion of a contract on loans of funds or the discounting of bills; or
 - (iii) Acting as an agent or intermediary for the conclusion of a contract on exchange transactions.
- (15) The term "Bank Agent" as used in this Act means a person who provides Bank Agency Services with the permission of the Prime Minister prescribed in Article 52-36, paragraph (1).
- (16) The term "Principal Bank" as used in this Act means a Bank which, through any of the acts listed in the items of paragraph (14) engaged in by the Bank Agent, accepts deposits or Installment Savings, etc., gives loans of funds, discounts bills and notes, or conducts exchange transactions as prescribed in the items of that paragraph under a contract prescribed in the items of that paragraph.
- (17) The term "Designated Dispute Resolution Organization" as used in this Act means a person who has been designated under Article 52-62, paragraph (1).
- (18) The term "Banking Services" as used in this Act means business activities engaged in under the provisions of Article 10 and Article 11 by a Bank and business activities engaged in thereby under the provisions of Secured Bonds Trust Act (Act No. 52 of 1905) and Bank Agency Services carried out by a person engaged in Bank Agency Services on behalf of the Bank.
- (19) The term "Complaint Processing Procedures" as used in this Act means procedures for processing Complaints Related to Banking Services (meaning complaints concerning Banking Services; the same shall apply in Article 52-67, Article 52-68 and Article 52-72).
- (20) The term "Dispute Resolution Procedures" as used in this Act means procedures for seeking to resolve a Dispute Related to Banking Services (meaning a dispute concerning Banking Services which can be settled between the parties; the same shall apply in Article 52-67, Article 52-68 and Articles 52-73 to 52-75 inclusive) without using court proceeding(s).

- (21) The term "Dispute Resolution, etc." as used in this Act means business activities pertaining to Complaint Processing Procedures and Dispute Resolution Procedures as well as business activities incidental thereto.
- (22) The term "Basic Contract for the Implementation of Dispute Resolution Procedures" as used in this Act means a contract concluded between a Designated Dispute Resolution Organization and a Bank with regard to the implementation of Dispute Resolution, etc.

Article 3 Any commercial pursuit involving acceptance of deposits or Installment Savings, etc. (excluding those falling under acts listed in paragraph (2), item (i) of the preceding Article) shall be deemed to be Banking, and this Act shall apply.

- Article 3-2 (1) Any person listed in the following items shall be deemed to be a holder of voting rights in the Bank, in the numbers specified in each item, and Chapter VII-3, Sections 1 and 2, Chapter VIII and Chapter IX shall apply:
- (i) An organization that is not a juridical person (limited to organizations specified by Cabinet Office Ordinance as being equivalent to a juridical person): the number of the Bank's voting rights which are held in the name of the organization that is not a juridical person;
 - (ii) A company which is required to prepare its financial statements or other documents on a consolidated basis pursuant to the provisions of Cabinet Office Ordinance (referred to as "Company Subject to Consolidation Standards" in the following item), where a Bank is included in the companies and other juridical persons (including an organization that is not a juridical person as prescribed in the preceding item; hereinafter collectively referred to as a "Company, etc." in this paragraph) consolidated into said company and where said company is not consolidated into any other company's financial statements or other documents: the number calculated pursuant to the provisions of Cabinet Office Ordinance as representing the substantial influence that the company could exercise on the Bank;
 - (iii) Where one Company, etc. (excluding one that is consolidated in the financial statement or other documents of a company falling under the type of company listed in the preceding item, limited to one that holds voting rights in a Bank) which is not a Company Subject to Consolidation Standards and which belongs to a Group of Companies, etc. (meaning a group of companies, etc. consisting of one Company, etc. and other Companies, etc. specified by Cabinet Office Ordinance as companies, etc. with close relationships to the first Company, etc. for the reason that said first Company, etc. holds majority voting rights in the other Companies, etc. or for any other reason; hereinafter the same shall apply in this paragraph) which

- is a Group of Companies, etc. whose total number of voting rights in a single Bank held by all of the Companies, etc. belonging to said Group of Companies, etc. (hereinafter referred to as the "Number of Voting Rights Held by the Group of Companies, etc." in this item and the following item) is equal to or more than the Lowest Threshold for a Major Shareholder in the Bank (such Group of Companies, etc. are hereinafter referred to as "Specified Group of Companies, etc." in this item and the following item), a Company, etc. in the Specified Group of Companies, etc. whose majority voting rights are held by no other Company, etc.: the Number of Voting Rights Held by the Group of Companies, etc. for said Specified Group of Companies, etc.;
- (iv) Where no Company, etc. in the Specified Group of Companies, etc. falls under the category of the type of Company, etc. listed in the preceding item, a Company, etc. whose assets on the balance sheet are the largest among the Companies, etc. in the Specified Group of Companies, etc.: The Number of Voting Rights Held by the Group of Companies, etc. for said Specified Group of Companies, etc.;
- (v) An individual who holds the majority voting rights in a Company, etc. that holds voting rights in a Bank (including those listed in item (ii) to the preceding item inclusive; hereinafter the same shall apply in this item), where the total of number of voting rights in the Bank held by a Company, etc. whose majority voting rights are held by that individual (in the case of a Company, etc. that falls under any of the categories listed in the preceding items, the number specified in each item) (in the case of an individual who has voting rights in the Bank, the number of voting rights obtained by adding the number of voting rights in the Bank held by the individual to the total number of voting rights held by such Company, etc.; the number calculated thereby is hereinafter referred to as the "Total Number of Voting Rights" in this item) is equal to or greater than twenty hundredths of the voting rights of all of the Bank's shareholders: the Total Number of Voting Rights pertaining to said individual;
- (vi) A person who holds voting rights in a Bank (including a person falling under any of the categories listed in the preceding items; hereinafter the same shall apply in this item), where the total number of voting rights in that Bank held by that person (in the case of a person falling under any of the categories listed in the preceding items, the number specified in each item) and those held by his/her Joint Holder(s) (meaning another person (including a person falling under any of the categories listed in the preceding items) who holds voting rights of the Bank and has agreed with that person on joint acquisition or transfer of shares related to the Bank's voting rights or on joint exercise of the voting rights or other right as shareholders of that Bank (excluding, in cases where the holder of voting rights is a company

falling under the category listed in item (ii), a Company, etc. which is consolidated in the financial statements or other documents of the company, in cases where the holder of the voting rights is a Company, etc. falling under the category prescribed in item (iii) or (iv), a Company, etc. belonging to the Group of Companies, etc. which is other than the aforementioned Company, etc. belonging to the Group of Companies, etc., in cases where the holder of voting rights is an individual falling under the category listed in the preceding item, a Company, etc. whose majority voting rights are held by said individual, but including a person who has a special relationship specified by Cabinet Order with the holder of the voting rights)) (in the case of a Joint Holder falling under any of the categories listed in the preceding items, the number prescribed in each item) (the total number of voting rights is hereinafter referred to as "The Number of Voting Rights Jointly Held" in this item) is equal to or more than twenty hundredths of the voting rights of all shareholders in that Bank: The Number of Voting Rights Jointly Held; and

(vii) A person specified by Cabinet Office Ordinance as being equivalent to those listed in the preceding items: The number calculated pursuant to the provisions of Cabinet Office Ordinance as those representing a substantial influence on the Bank.

(2) In the case referred to in the items of the preceding paragraph, the provisions of Article 2, paragraph (11) shall apply mutatis mutandis to voting rights to be deemed as held by a person listed in the items of the preceding paragraph and voting rights held by the holder of the voting rights.

(Banking License)

Article 4 (1) A person who has not obtained a license from the Prime Minister shall not engage in Banking.

(2) When an application for a Banking license is filed, the Prime Minister shall examine whether the following requirements are satisfied:

(i) The person who has filed an application for a Banking license (hereinafter referred to as the "Applicant" in this paragraph) shall have financial basis to conduct the business of a Bank soundly and efficiently and shall have good prospects for income and expenditure pertaining to the business; and

(ii) In light of such matters as its personnel structure, the Applicant shall have the knowledge and experience to be able to carry out the business of a Bank appropriately, fairly and efficiently and shall have sufficient social credibility.

(3) Where a person whose entire or partial body of shareholders is a person engaged in Banking in a foreign state in accordance with the laws and regulations of that foreign state (including a person who with a special

relationship thereto as specified by Cabinet Order, but excluding Banks, etc.; hereinafter referred to as a "Foreign Bank, etc." in this paragraph) files an application for a Banking license, if the Foreign Bank, etc. lawfully holds voting rights in the person filing the application for a Banking license exceeding the number calculated by multiplying the voting rights of all of that person's shareholders by the rate specified by Cabinet Office Ordinance, the Prime Minister shall examine whether it can be found that Banks are given substantially the same treatment as under this Act in the state where the principal business office of the Foreign Bank, etc. is located, in addition to the requirements prescribed in the items of the preceding paragraph; provided, however, that this shall not apply to the cases where that examination would preclude the faithful fulfillment of an international agreement or any other case specified by Cabinet Order.

- (4) The Prime Minister may, when and to the extent that he/she finds it necessary for the public interest in light of requirements for examination prescribed in the preceding two paragraphs, impose conditions on the license referred to in paragraph (1) or change them.
- (5) The term "Banks, etc." as used in paragraph (3) shall mean Banks, Long-Term Credit Banks (meaning Long-Term Credit Banks prescribed in Article 2 (Definitions) of the Long-Term Credit Bank Act (Act No. 187 of 1952); the same shall apply hereinafter) and any other financial institutions specified by Cabinet Office Ordinance.

(Administrative Organs of a Bank)

Article 4-2 A Bank shall be a stock company which has the following organs:

- (i) Board of directors;
- (ii) Board of company auditors or a Committee (meaning a committee as defined in Article 2, item (xii) (Definitions) of the Companies Act; the same shall apply in Article 52-18, paragraph (2), item (ii));
- (iii) Accounting auditor.

(Amount of Stated Capital)

Article 5 (1) The amount of the stated capital of a Bank shall be equal to or more than the amount specified by Cabinet Order.

- (2) The amount specified by Cabinet Order under the preceding paragraph shall not be less than one billion yen.
- (3) A Bank shall, when it wishes to reduce the amount of its stated capital, obtain authorization from the Prime Minister.

(Trade Name)

Article 6 (1) A Bank shall use the term "Ginko" (which means "Bank") in its

trade name.

- (2) No person other than a Bank shall use in its name or trade name any term which would indicate that the person is a Bank.
- (3) A Bank shall, when it wishes to change its trade name, obtain authorization from the Prime Minister.

(Restriction on the Concurrent Holding of Positions by a Director, etc.)

Article 7 (1) Directors (or, in the case of a Bank which is a company with committees, executive officers) who are engaged in the day-to-day business of a Bank shall not engage in the day-to-day business of any other company, except when authorized by the Prime Minister.

- (2) When an application for authorization referred to in the preceding paragraph has been filed, the Prime Minister shall not grant the authorization unless he/she finds that matters pertaining to the application are not likely to interfere with the sound and appropriate management of the Bank.

(Eligibility of Directors, etc. and Other Related Matters)

Article 7-2 (1) Directors (in the case of a Bank which is a company with committees, the executive officer) who are engaged in the day-to-day business of a Bank shall have the knowledge and experience to be able to manage and control a Bank appropriately, fairly and efficiently and shall have sufficient social credibility.

- (2) A person who has become subject to a ruling for the commencement of bankruptcy proceedings and has not had his/her rights restored, or a person who is treated the same as such a person under the laws and regulations of a foreign state, may not be appointed as a director, executive officer or auditor of a Bank.
- (3) With regard to the application of the provisions of Article 331, paragraph (1), item (iii) (Qualifications of Directors) of the Companies Act (including the cases where it is applied mutatis mutandis pursuant to Article 335, paragraph (1) (Qualifications of Company Auditors) and Article 402, paragraph (4) (Election of Executive Officers) of that Act) to directors, executive officers or auditor of a Bank, the term "this Act" in that item shall be deemed to be replaced with "the Banking Act, this Act."
- (4) The provisions of the proviso to Article 331, paragraph (2) (Qualifications of Directors) of the Companies Act (including the cases where it is applied mutatis mutandis pursuant to Article 335, paragraph (1) (Qualifications of Company auditors)), Article 332, paragraph (2) (Directors' Terms of Office) of that Act (including the cases where it is applied mutatis mutandis pursuant to Article 334, paragraph (1) (Accounting Advisors' Terms of Office) of that Act), Article 336, paragraph (2) (Company Auditors' Terms of Office) of that Act and

the proviso to Article 402, paragraph (5) (Election of Executive Officers) of that Act shall not apply to Banks.

(Establishment of Business Offices, etc.)

- Article 8 (1) When a Bank intends to establish a branch office or other business office in Japan, change the location thereof (including changing in the location of its head office), change the type thereof or abolish it, the Bank shall notify the Prime Minister of such facts pursuant to the provisions of Cabinet Office Ordinance, except for the cases specified by Cabinet Office Ordinance.
- (2) When a Bank wishes to establish a branch office and other business office in a foreign state, change the type thereof or abolish it, the Bank shall obtain authorization from the Prime Minister pursuant to the provisions of Cabinet Office Ordinance, except for the cases specified by Cabinet Office Ordinance.
- (3) When a Bank wishes to conclude or terminate a contract for entrustment of each act listed in the items of Article 2, paragraph (14) in a foreign state, the Bank shall obtain authorization from the Prime Minister pursuant to the provisions of Cabinet Office Ordinance.

(Prohibition on Name-Lending)

Article 9 A Bank shall not have another person engage in Banking in the name of the Bank.

Chapter II Business Activities

(Scope of Business)

Article 10 (1) A Bank may engage in the following business activities:

- (i) Acceptance of deposits or Installment Savings, etc.;
 - (ii) Loans of funds or discounting of bills; and
 - (iii) Exchange transactions.
- (2) In addition to the business activities listed in the items of the preceding paragraph, a Bank may engage the following business activities and others that are incidental to Banking:
- (i) Guaranteeing obligations or accepting bills;
 - (ii) The purchase and sale of securities (excluding securities that fall under the category of monetary claims indicated in the form of certificates as prescribed in item (v) and Short-Term Corporate Bonds, etc.; the same shall apply in items (v)-2 and (vi)) (excluding purchase and sale that fall under the category of Derivative Securities Transactions) or Derivative Securities Transactions (limited to those for the purpose of investment or Brokerage with Written Orders);
 - (iii) Loans of securities;

- (iv) Underwriting (excluding that carried out for the purpose of secondary distribution) of National Government Bonds, local government bonds or Government-Guaranteed Bonds (hereinafter collectively referred to as "National Government Bonds, etc." in this Article) or handling of public offerings of the National Government Bonds, etc. pertaining to that underwriting;
- (v) Acquisition or transfer of monetary claims (including negotiable certificates of deposits and other monetary claims indicated in the form of certificates specified by Cabinet Office Ordinance);
- (v)-2 Underwriting (excluding that carried out for the purpose of secondary distribution) of Specified Corporate Bonds issued by Special Purpose Companies (excluding Specified Short-Term Corporate Bonds and limited to those where only nominative monetary claims or beneficial interest of a trust into which nominative monetary claims are placed are acquired using the money gained through the issuance of that Specified Corporate Bonds under Asset Securitization Plans) and any other securities specified by Cabinet Office Ordinance as those equivalent thereto (hereinafter referred to as "Specified Corporate Bonds, etc." in this item) or handling of public offering of the Specified Corporate Bonds, etc. pertaining to that underwriting;
- (v)-3 Acquisition or transfer of Short-Term Corporate Bonds, etc.;
- (vi) Handling of Private Placement of Securities;
- (vii) Entrusted operations of public offering or management of local government bonds, corporate bonds or other bond certificates;
- (viii) Agency or intermediation for the business activities of a Bank or person engaged in other financial services (excluding persons engaged in Banking in a foreign state in accordance with laws and regulations of the foreign state (excluding Banks, etc. defined in Article 4, paragraph (5); hereinafter referred to as a "Foreign Bank")) (excluding business activities falling under the business set forth in the following item) (limited to the agency or intermediation specified by Cabinet Office Ordinance);
- (viii)-2 Agency or intermediation for the business activities of a Foreign Bank (limited to agency or intermediation and those specified by Cabinet Office Ordinance in the case where the Bank conducts the agency or intermediation for the business activities of a Foreign Bank which is a Subsidiary Company of the Bank);
- (ix) Handling of the receipt of money and other affairs pertaining to money of the State, local public entities, companies or other entities;
- (x) Safe deposit of securities, precious metal or other goods;
- (x)-2 Money transfers;
- (xi) Money changing;
- (xii) Derivative Transactions (excluding those that fall under the category of

- Derivative Securities Transactions; the same shall apply in the following item) that are specified by a Cabinet Office Ordinance (excluding those that fall under the category of the business listed in item (v));
- (xiii) Intermediation, brokerage or agency for Derivative Transactions (limited to those specified by a Cabinet Office Ordinance);
 - (xiv) Transactions where the relevant parties promise to give and receive money calculated based on the difference between a numerical value that the parties have agreed upon in advance as the numerical value of an interest rate, currency value, product price, price for Carbon Dioxide Equivalent Quotas (meaning carbon dioxide equivalent quotas defined in Article 2, paragraph (6) (Definitions) of the Act on Promotion of Global Warming Countermeasures (Act No. 117 of 1998) and those equivalent thereto; the same shall apply in item (iv) of the following Article) or any other index and the actual numerical value of that index at a fixed point of time in the future, or any equivalent transactions specified by Cabinet Office Ordinance (referred to as "Financial Derivative Transactions" in the following item) which are transactions found unlikely to damage the soundness of the management of the Bank as specified by Cabinet Office Ordinance (excluding transactions that fall under the categories of business listed in items (v) and (xii));
 - (xv) Intermediation, brokerage or agency for Financial Derivative Transactions (excluding such business that falls under the category of business specified in item (xiii) and such business that is specified by Cabinet Office Ordinance);
 - (xvi) Over-the-Counter Derivative Securities Transactions (limited to those that are settled through giving and receiving the difference in the case where the securities pertaining to that Over-the-Counter Derivative Securities Transactions fall under the category of monetary claims that are indicated in the form of certificates as prescribed in item (v) and are not Short-Term Corporate Bonds, etc.; the same shall apply in the following item) (excluding transactions that fall under the category of business specified in item (ii)); and
 - (xvii) Intermediation, brokerage or agency for Over-the-Counter Derivative Securities Transactions.
- (3) The term "Short-Term Corporate Bonds, etc." as used in items (ii), (v)-3 and (xvi) of the preceding paragraph and paragraph (6) means the following bonds:
- (i) Short-Term Corporate Bonds prescribed in Article 66, item (i) (Vesting of Rights) of the Act on Transfer of Corporate Bonds, Shares, etc.;
 - (ii) Deleted;
 - (iii) Short-term investment corporation bonds prescribed in Article 139-12, paragraph (1) (Special Provisions on Short-Term Investment Corporation

- Bonds) of the Act on Investment Trust and Investment Corporations (Act No. 198 of 1951);
- (iv) Short-term bonds prescribed in Article 54-4, paragraph (1) (Issuance of Short-Term Bonds) of the Shinkin Bank Act (Act No. 238 of 1951);
 - (v) Short-Term Bonds prescribed in Article 61-10, paragraph (1) (Special Provisions on Short-Term Bonds) of the Insurance Services Act (Act No. 105 of 1995);
 - (vi) Specified Short-Term Corporate Bonds prescribed in Article 2, paragraph (8) (Definitions) of the Act on Securitization of Assets (Act No. 105 of 1998);
 - (vii) Short-Term Norinchukin Bank Bonds prescribed in Article 62-2, paragraph (1) (Issuance of Short-Term Norinchukin Bank Debentures) of the Norinchukin Bank Act (Act No. 93 of 2001); and
 - (viii) Of the rights to be indicated in bond certificates issued by foreign juridical persons for which vesting of the rights is to be decided based on the entry or record in the transfer account registry pursuant to the provisions of the Act on Transfer of Corporate Bonds, Shares, etc. (excluding those having a nature of corporate bond certificates with share options), those that satisfy all of the following requirements:
 - (a) The amount of each right is not less than 100 million yen;
 - (b) There are provisions on a fixed due date for redemption of the principal that is within one year from the day on which the total amount of the rights has been paid, and there is no provisions on an installment plan; and
 - (c) There are provisions to make the due date for the payment of interest the same date as the due date for the redemption of the principal set forth in sub-item (b).
- (4) The terms "Derivative Securities Transactions" and "Brokerage with Written Orders" as used in paragraph (2), items (ii) and (xii) respectively mean the Derivative Securities Transactions defined in Article 28, paragraph (8), item (vi) (Definitions) of the Financial Instruments and Exchange Act (Act No. 25 of 1948) and the Brokerage with Written Orders defined in Article 33, paragraph (2) (Prohibition, etc. of Securities Services by Financial Institutions) of that Act.
- (5) The term "Government-Guaranteed Bonds" as used in paragraph (2), item (iv) means corporate bonds and other bond certificates for which redemption of the principal and payment of interest are guaranteed by the government.
- (6) The business listed in paragraph (2), item (v) shall include the business of carrying out the acts listed in Article 2, paragraph (8), items (i) to (vi) inclusive and (viii) to (x) inclusive (Definitions) of the Financial Instruments and Exchange Act for monetary claims that are indicated in the form of certificates as prescribed in paragraph 2, item (v) and that fall under the category of securities, and the business set forth in paragraph (2), item (v)-3 shall include

- the business of carrying out such acts for Short-Term Corporate Bonds, etc.
- (7) The terms "Special Purpose Companies," "Asset Securitization Plans," "Specified Corporate Bonds" and "Specified Short-Term Corporate Bonds" as used in paragraph (2), item (v)-2 respectively mean the Special Purpose Companies, Asset Securitization Plans, Specified Corporate Bonds and Specified Short-Term Corporate Bonds prescribed in Article 2, paragraphs (3), (4), (7) and (8) (Definitions) of the Act on Securitization of Assets.
- (8) The term "Dealings in a Private Placement of Securities" as used in paragraph (2), item (vi) means dealings in a Private Placement of Securities (meaning a Private Placement of Securities as prescribed in Article 2, paragraph (3) (Definitions) under the Financial Instruments and Exchange Act).
- (9) The term "Transfer Business" as used in paragraph (2), item (x)-2 means the Transfer Business carried out as an account management institution set forth in Article 2, paragraph (4) (Definitions) of the Act on Transfer of Corporate Bonds, Shares, etc.
- (10) The term "Derivative Transactions" as used in paragraph (2), items (xii) and (xiii) and the term "Over-the-Counter Derivative Securities Transactions" as used in paragraph (2), items (xvi) and (xvii) respectively mean the Derivative Transactions prescribed in Article 2, paragraph (20) (Definitions) of the Financial Instruments and Exchange Act and the acts listed in Article 28, paragraph (8), item (iv) (Definitions) of that Act.

Article 11 In addition to the business activities engaged in under the provisions of the preceding Article, a Bank may engage in the following business activities to the extent that it does not obstruct the execution of the business activities listed in the items of Article 10, paragraph (1):

- (i) Investment advisory services as defined in Article 28, paragraph (6) (General Rules) of the Financial Instruments and Exchange Act;
- (ii) Business of carrying out any acts listed in the items of Article 33, paragraph (2) (Prohibition, etc. of Securities Services by Financial Institutions) of the Financial Instruments and Exchange Act for the securities or transactions listed in the items of the that paragraph (excluding the business conducted under the provisions of paragraph (2) of the preceding Article);
- (iii) Business related to affairs pertaining to a trust conducted by the method listed in Article 3, item (iii) (Methods of Creating Trust) of the Trust Act (Act No. 108 of 2006); and
- (iv) Conclusion of a contract on obtaining or transferring Carbon Dioxide Equivalent Quotas or business for providing intermediation, brokerage, or agency therefor (excluding business conducted pursuant to paragraph (2) of

the preceding Article) which is specified by Cabinet Office Ordinance.

Article 12 A Bank may not conduct business other than the business conducted under the provisions of the preceding two Articles and the business conducted pursuant to the provisions of the Secured Bonds Trust Act or other Acts.

(Provision, etc. of Information to Depositors, etc.)

Article 12-2 (1) A Bank shall, in order to contribute to the protection of Depositors, etc. with regard to acceptance of deposits or Installment Savings, etc. (hereinafter referred to as "Deposits, etc." in this paragraph) (excluding acceptance of the Specified Deposits, etc. prescribed in Article 13-4), provide information on the contents of contracts pertaining to the Deposits, etc. and other information that would be helpful for the Depositors, etc., pursuant to the provisions of Cabinet Office Ordinance.

(2) In addition to what is provided for in the preceding paragraph, Article 13-4 and other Acts, a Bank shall, pursuant to the provisions of Cabinet Office Ordinance, explain important matters pertaining to its business to customers, appropriately handle customer information acquired in relation to its business, take measures to ensure precise execution of that business and other sound and appropriate management in the case of entrusting its business to a third party.

(Obligation to Conclude a Contract, etc. with a Designated Dispute Resolution Organization)

Article 12-3 (1) A Bank shall take the measures specified in the following items according to the category of cases set forth in the respective items:

(i) In cases where there is a Designated Dispute Resolution Organization:

Measures to conclude a Basic Contract for Implementation of Dispute Resolution Procedure with a single Designated Dispute Resolution Organization; and

(ii) In cases where there is no Designated Dispute Resolution Organization:

Complaint Processing Measures (meaning measures to have the person set forth in Article 52-73, paragraph (3), item (iii) provide advice or guidance to the employee or any other workers engaged in the business of processing complaints from the customers or any other measures specified by Cabinet Office Ordinance as being equivalent thereto) and Dispute Resolution Measures (meaning measures seeking to resolve the dispute with the customer through Certified Dispute Resolution Procedures (meaning the Certified Dispute Resolution Procedures defined in Article 2, item (iii) of the Act on Promotion of Use of Alternative Dispute Resolution (Act No. 151 of 2004)) or any other measures specified by Cabinet Office Ordinance as being

equivalent thereto) concerning Banking Services.

- (2) When a Bank has taken measures to conclude a Basic Contract for Implementation of Dispute Resolution Procedures pursuant to the provisions of the preceding paragraph, it shall publicize the trade name or name of the Designated Dispute Resolution Organization that is the counterparty to said Basic Contract for Implementation of Dispute Resolution Procedures.
- (3) The provisions of paragraph (1) shall not apply for the periods specified in the following items according to the category of cases set forth in the respective items:
- (i) when the relevant case which had fallen under the case set forth in paragraph (1), item (i) has come to fall under the case set forth in item (ii) of that paragraph: The period specified by the Prime Minister as the period necessary to take the measures specified in paragraph (1), item (ii) at the time of granting authorization for abolition of Dispute Resolution, etc. under Article 52-83, paragraph (1) or rescinding the designation under Article 52-84, paragraph (1);
 - (ii) when the relevant case had fallen under the case set forth in paragraph (1), item (i), and the abolition of the Dispute Resolution, etc. of a single Designated Dispute Resolution Organization prescribed in that item has been authorized under Article 52-83, paragraph (1) or the designation under Article 52-62, paragraph (1) of the single Designated Dispute Resolution Organization prescribed in that item has been rescinded pursuant to Article 52-84, paragraph (1) (excluding the case set forth in the preceding item): The period specified by the Prime Minister as the period necessary for taking the measures specified in paragraph (1), item (i) at the time of granting such authorization or making such rescission; and
 - (iii) when the relevant case which had fallen under the cases set forth in paragraph (1), item (ii) has come to fall under the cases set forth in item (i) of that paragraph: The period specified by the Prime Minister as the period necessary to take the measures specified in paragraph (1), item (i) at the time of designation under Article 52-62, paragraph (1).

(Prohibition of Becoming Member with Unlimited Liability, etc.)

Article 12-4 A Bank may not become a member with unlimited liability or member who executes the business of a membership company.

(Credit Extended, etc. to One Person)

Article 13 (1) The total amount of Credit Extended, etc. (meaning the granting of credit or contribution as specified by Cabinet Order; hereinafter the same shall apply in this Article) by a Bank to one person (including other persons who has a special relationship specified by Cabinet Order with that person; hereinafter

the same shall apply in this Article) shall not exceed the amount obtained by multiplying the amount of the Bank's equity capital by the ratio specified by Cabinet Order for each category provided therein (the amount thus calculated shall be referred to as the "Limit on Extensions of Credit, etc." in this Article); provided, however, that this shall not apply to the cases where the Prime Minister has given the approval in the cases where the total amount of Credit Extended, etc. by a Bank to one person exceeds the Limit on Extensions of Credit, etc. as a result of a Merger, of Joint Incorporation-Type Split (meaning an Incorporation-Type Split that two or more stock companies or limited liability companies effect jointly; the same shall apply in Article 16-3, paragraph (4), item (iv) and Article 52-22, paragraph (1)) or absorption-type split or of transfer of another person's business by a person who takes Credit Extended, etc.

- (2) Where a Bank has Subsidiary Companies (excluding companies specified by Cabinet Office Ordinance) and persons who has a special relationship specified by Cabinet Office Ordinance with said Bank (hereinafter collectively referred to as the "Subsidiary Companies, etc." in this Article), the total amount of Credit Extended, etc. to one person by the Bank and its Subsidiary Companies, etc. or by its Subsidiary Companies, etc. shall not exceed the amount obtained by multiplying the total net amount of the equity capital of the Bank and its Subsidiary Companies, etc. by the ratio specified by Cabinet Order for each category provided therein (hereinafter referred to as the "Consolidated Limit on Extensions of Credit, etc." in this Article). In this case, the proviso to the preceding paragraph shall apply *mutatis mutandis*.
- (3) The provisions of the preceding two paragraphs shall not apply to the granting of credit to the State or a local public entity, granting of credit for which redemption of the principal and payment of interest are guaranteed by the government and any other Credit Extended, etc. specified by Cabinet Order as granting of credit equivalent thereto.
- (4) In the case referred to in paragraph (2), if the total amount of Credit Extended, etc. to one person by the Bank and its Subsidiary Companies, etc. or by its Subsidiary Companies, etc. exceeds the Consolidated Limit on Extensions of Credit, etc., the excess amount of the Credit Extended, etc. shall be deemed to be Credit Extended, etc. by the Bank.
- (5) In addition to what is provided for in the preceding paragraphs, the calculation method for the amount of Credit Extended, etc., the amount of the equity capital prescribed in paragraph (1), the Limit on Extensions of Credit, etc., the total net amount of the equity capital prescribed in paragraph (2) and the Consolidated Limit on Extensions of Credit, etc. and any other necessary matters concerning the application of the provisions of paragraphs (1) and (2) shall be specified by Cabinet Office Ordinance.

(Transactions, etc. with Specified Related Person)

Article 13-2 A Bank shall not carry out the following transactions or acts with a Specified Related Person (meaning a Subsidiary Company of that Bank, a Bank's Major Shareholder for that Bank, a Bank Holding Company which has that Bank as its Subsidiary Company, a Subsidiary Company of that Bank Holding Company (excluding that Bank), a Bank Agent for which that Bank serves as an Principal Bank, or any other person having a special relationship specified by Cabinet Order with that Bank; hereinafter the same shall apply in this Article and the following Article) or a customer of such Specified Related Person; provided, however, that this shall not apply to the cases where the approval of the Prime Minister has been obtained, in the case where there is a compelling reason specified by Cabinet Office Ordinance for carrying out that transaction or act:

- (i) Transactions carried out with that Specified Related Person for which the terms and conditions are specified by Cabinet Office Ordinance as those that give disadvantages to that Bank in light of the ordinary terms and conditions of transactions of that Bank; and
- (ii) Transactions or acts carried out with that Specified Related Person concerned or with a customer of that Specified Related Person concerned that are equivalent to those listed in the preceding item and that are specified by Cabinet Office Ordinance as transactions or acts that have a risk of impairing the sound and appropriate execution of the business of that Bank.

(Prohibited Acts Pertaining to Business of Banks)

Article 13-3 A Bank shall not carry out the following acts (excluding the acts listed in item (iv) with regard to the business of concluding Contracts for Specified Deposits, etc. prescribed in the Article 13-4) in relation to its business:

- (i) Acts of providing false information to customers;
- (ii) Acts of providing a customer with any conclusive judgment with respect to an uncertain matter or giving information that is likely to have the customer mistakenly believe an uncertain matter for being certain;
- (iii) Acts of granting of credit or promising granting of credit to customers on the condition that the customers carry out transactions related to the business operated by that Bank, a Specified Related Person of that Bank or any other person with a close relationship thereto as specified by Cabinet Office Ordinance (excluding acts specified by Cabinet Office Ordinance as those that have no risk of lacking customer protection); and
- (iv) In addition to what is listed in the preceding three items, acts that are specified by Cabinet Office Ordinance as those that have a risk of lacking

customer protection.

(Establishment of a System for Protection of Customers' Interests)

Article 13-3-2 (1) When a Bank, Bank Agent for which said Bank serves as a Principal Bank, Parent Financial Institution, etc. or Subsidiary Financial Institution, etc. of said Bank conducts any transaction, the Bank shall, pursuant to the provisions of Cabinet Office Ordinance, properly manage the information on the business conducted by said Bank, Bank Agent for which said Bank serves as a Principal Bank or a Subsidiary Financial Institution, etc. of said Bank (limited to Banking, Bank Agency Services and any other business specified by Cabinet Office Ordinance) and establish a system for properly supervising the status of implementation of said business or taking any other measures necessary so that the interests of the customer of said business will not be unjustly impaired.

(2) The term "Parent Financial Institution, etc." as used in the preceding paragraph means, among persons who hold the majority of the voting rights of all of a Bank's shareholders and among any other persons specified by Cabinet Order as those with a close relationship to a Bank, any Bank, Financial Instruments Specialist (meaning a Financial Instruments Specialist as defined in Article 2, paragraph (9) (Definitions) of the Financial Instruments and Exchange Act; the same shall apply hereinafter), Insurance Company (meaning an insurance company as defined in Article 2, paragraph (2) (Definitions) of the Insurance Services Act; the same shall apply hereinafter) or any other person engaged in financial services as specified by Cabinet Order.

(3) The term "Subsidiary Financial Institution, etc." as used in paragraph (1) means, among persons for whom the majority of the Voting Rights Held by All of the Shareholders, etc. are held by a Bank, and among any other persons specified by Cabinet Order as those with a close relationship to a Bank, any Bank, Financial Instruments Specialist, Insurance Company, or any other person engaged in financial services as specified by Cabinet Order.

(Application Mutatis Mutandis of Financial Instruments and Exchange Act)

Article 13-4 The provisions of Chapter III, Section 1, Subsection 5 of the Financial Instruments and Exchange Act (excluding Article 34-2, paragraphs (6) to (8) inclusive (Cases Where a Professional Investor Will Be Deemed to Be a Customer Other than Professional Investor) and Article 34-3, paragraphs (5) and (6) inclusive (Cases Where a Juridical Person Who Is a Customer Other Than a Professional Investor Will Be Deemed to Be a Professional Investor)) (Professional Investors), Section 2, Subsection 1 of that Chapter (excluding Articles 35 to 36-4 inclusive (Scope of Business Activities of Persons Who Engage in Type I Financial Instruments Services or Investment Management,

Scope of Concurrent Business Activities of Persons Who Only Engage in Type II Financial Instruments Services or Investment Advisory and Agency Services, Duty of Good Faith to Customers, Posting of Signs, Prohibition on Name Lending, Prohibition on Administration of Corporate Bonds), Article 37, paragraph (1), item (ii) (Regulations on Advertising, etc.), Article 37-2 (Obligation to Clarify Conditions of Transactions in Advance), Article 37-3, paragraph (1), items (ii) and (vi) and Article 37-3, paragraph (3) (Delivery of Documents Prior to the Conclusion of a Contract), Article 37-5 (Delivery of Documents Pertaining to the Receipt of Security Deposits), Article 37-7 (Obligation to Conclude a Contract, etc. with a Designated Dispute Resolution Organization), Article 38, items (i) and (ii) and Article 38-2 (Prohibited Acts), the proviso to Article 39, paragraph (3) and Article 39, paragraph (5) (Prohibition of Compensation of Loss, etc.) and Articles 40-2 to 40-5 inclusive (Best Execution Policy, Prohibition on Purchase and Sale, etc. Where Separate Management Is not Ensured, Limitation on the Purchase and Sale, etc. of Securities for Professional Investors, Obligation of Notification in Relation to Securities for Professional Investors)) (General Rules) and Article 45 (excluding items (iii) and (iv)) (Miscellaneous Provisions) of the Financial Instruments and Exchange Act shall apply mutatis mutandis to the conclusion of Contracts for Specified Deposits, etc. (meaning contracts on acceptance of Specified Deposits, etc. (meaning those that are specified by Cabinet Office Ordinance as deposits or Installment Savings, etc. with the risk of a principal loss caused by fluctuations pertaining to the interest rate, currency value, quotations on a financial instruments market prescribed in Article 2, paragraph (14) of that Act, or any other index); the same shall apply hereinafter) by a Bank. In this case, the term "Contract for a Financial Instruments Transaction" in these provisions shall be deemed to be replaced with "Contract for a Specified Deposit, etc."; the term "Financial Instruments Services" in these provisions shall be deemed to be replaced with "Concluding Contracts for Specified Deposits, etc."; the term "Act of Executing a Financial Instruments Transaction" in these provisions (excluding the provisions of Article 34 of that Act) shall be deemed to be replaced with "Conclusion of Contracts for Specified Deposits, etc."; the phrase "contract to conduct the Act of Financial Instruments Transactions (meaning an act listed in the items of Article 2, paragraph (8); the same shall apply hereinafter) with a customer as the other party or on behalf of a customer" in Article 34 of that Act shall be deemed to be replaced with "Contracts for Specified Deposits, etc. as Prescribed in Article 13-4 of the Banking Act"; the phrase "; provided" in Article 37-3, paragraph (1) of that Act shall be deemed to be replaced with "and shall, in order to contribute to the protection of Depositors, etc. (meaning Depositors, etc. prescribed in Article 2, paragraph (5) of the Banking Act; hereinafter the

same shall apply in this paragraph), provide the customer with information on the contents of the Contract for a Specified Deposit, etc. and other information that would be helpful for the Depositors, etc. in advance, pursuant to the provisions of Cabinet Office Ordinance; provided"; the phrase "purchase and sale or other transaction of Securities (excluding a purchase and sale on condition of repurchase for which the repurchase price is set in advance and other transactions specified by Cabinet Order) or Derivative Transactions (hereinafter referred to as the "Purchase and Sale or Other Transaction of Securities, etc." in this Article)" in Article 39, paragraph (1), item (i) of that Act shall be deemed to be replaced with "conclusion of Contracts for Specified Deposits, etc."; the phrase "Securities or Derivative Transactions (hereinafter collectively referred to as "Securities, etc." in this Article)" in that item shall be deemed to be replaced with "Contracts for Specified Deposits, etc."; the phrase "customer (in cases where a Trust Company, etc. (meaning a trust company or financial institution that has obtained authorization under Article 1, paragraph (1) of the Act on Engagement in Trust Business by a Financial Institution; the same shall apply hereinafter) conducts the purchase and sale of Securities or Derivative Transactions on the account of the person who establishes a trust under a trust contract, including such person who establishes the trust; hereinafter the same shall apply in this Article)" in that item shall be deemed to be replaced with "Customers"; the phrase "make up for" in that item shall be deemed to be replaced with "make up for, outside that Contract for a Specified Deposit, etc."; the term "Purchase and Sale or Other Transaction of Securities, etc." in Article 39, paragraph (1), items (ii) and (iii) of that Act shall be deemed to be replaced with "Conclusion of Contracts for Specified Deposits, etc."; the term "Securities, etc." in those items shall be deemed to be replaced with "Contracts for Specified Deposits, etc."; the phrase "make an addition to" in item (ii) of that paragraph shall be deemed to be replaced with "make an addition to, outside that Contract for a Specified Deposit, etc."; the term "make an addition to" in item (iii) of that paragraph shall be deemed to be replaced with "make an addition to, outside that Contract for a Specified Deposit, etc."; the term "Purchase and Sale or Other Transaction of Securities, etc." in paragraph (2) of that Article shall be deemed to be replaced with "Conclusion of Contracts for Specified Deposits, etc."; the phrase "that is specified by Cabinet Office Ordinance as a potential cause of" in paragraph (3) of that Article shall be deemed to be replaced with "that may be a potential cause of"; the phrase "Articles 37-2 to 37-6 inclusive, Article 40-2, paragraph (4), and Article 43-4" in Article 45, item (ii) of that Act shall be deemed to be replaced with "Article 37-3 (limited to the part pertaining to delivery of a document set forth in paragraph (1) and excluding items (ii) and (vi) of that paragraph and paragraph (3)), Article 37-4 and Article 37-6"; and

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

(Credit Extended to Directors, etc.)

Article 14 (1) With regard to granting of credit by a Bank to a director or executive officer of that Bank, the terms and conditions thereof shall not be those they give disadvantages to that Bank compared to the ordinary terms and conditions of granting of credit of that Bank.

(2) With regard to the application of the provisions of Article 369, paragraph (1) (Resolution of Board of Directors Meetings) of the Companies Act to approval by the board of directors under the provisions of Article 356, paragraph (1) (Restrictions on Competition and Conflicting Interest Transactions) of that Act applied by replacing certain terms pursuant to Article 365, paragraph (1) (Restrictions on Competition and Transactions with Companies with Board of Directors) of that Act and under the provisions of Article 356, paragraph (1) of that Act as applied mutates mutandis pursuant to Article 419, paragraph (2) (Executive Officer's Duty to Report to Audit Committee Members) of that Act in the case of granting of credit by a Bank to a director or executive officer of that Bank, the phrase "the majority (in cases where a higher proportion is provided for in the articles of incorporation, such proportion or more)" in that paragraph shall be deemed to be replaced with "the majority of at least two-thirds (in cases where a higher proportion is provided for in the articles of incorporation, such proportion)."

(Securing Sound Management)

Article 14-2 The Prime Minister may set the following criteria and any other criteria as the criteria to be used by Banks to determine the soundness of their management in order to contribute to the sound management of the business of Banks:

- (i) Criteria on whether or not the adequacy of equity capital of a Bank is appropriate in light of the circumstances such as the assets, etc. owned by that Bank; and
- (ii) Criteria on whether or not the adequacy of equity capital of that Bank and its Subsidiary Company, etc. is appropriate in light of the circumstances such as the assets, etc. owned by the Bank, its Subsidiary Company and other company that has a special relationship specified by Cabinet Office Ordinance with said Bank (hereinafter collectively referred to as "Subsidiary Company, etc." in this item, Chapter III and Chapter IV).

(Holidays and Business Hours)

Article 15 (1) Holidays of a Bank shall be limited to Sundays and any other days

specified by Cabinet Order.

- (2) Business hours of a Bank shall be specified by Cabinet Office Ordinance by taking into consideration the circumstances such as the status of financial transactions.

(Temporary Suspension of Business, etc.)

Article 16 (1) Except in cases specified by Cabinet Office Ordinance, a Bank shall, when it temporarily suspends whole or part of its business at its business office due to natural disasters or any other compelling reason, immediately notify the Prime Minister to that effect with the reasons thereof, as well as give public notice and, pursuant to the provisions of Cabinet Office Ordinance, post to that effect at that business office. The same shall apply to the case where a Bank resumes whole or part of its business at the business office where it has temporarily suspended whole or part of its business.

- (2) Notwithstanding the provisions of the preceding paragraph, the public notice prescribed in that paragraph shall not be required in the case where a Bank temporarily suspends whole or part of its business at an unmanned business office and in any other case specified by a Cabinet Office Ordinance.

Chapter II-2 Subsidiary Companies, etc.

(Scope of a Bank's Subsidiary Companies, etc.)

Article 16-2 (1) A Bank shall not have any Subsidiary Company other than companies which fall under any of the categories specified in the following items (hereinafter such companies shall be referred to as "Companies Eligible to Be Subsidiary Companies" in this Article):

(i) Banks;

(ii) Long-Term Credit Banks;

(ii)-2 Fund transfer specialists defined in Article 2, paragraph (3) (Definitions) of the Act on Financial Settlements (Act No. 59 of 2009) (excluding those falling under the company set forth in item (vii)) which exclusively engage in Fund Transfer Services (meaning the fund transfer business defined in paragraph (2) of that Article) or any other business activities specified by Cabinet Office Ordinance (referred to as "Companies Specialized in Fund Transfers" in Article 52-23, paragraph (1), item (i)-2);

(iii) Financial Instruments Specialists that, apart from Securities Services (meaning Securities Services as defined in Article 28, paragraph (8) (General Rules) of the Financial Instruments and Exchange Act; the same shall apply hereinafter), exclusively engage in business activities for carrying out the acts listed in any of items (i) to (viii) inclusive of Article 35, paragraph (1) (Scope of Business Activities of Persons Who Engage in Type I Financial

- Instruments Services or Investment Management) of that Act and other business activities specified by Cabinet Office Ordinance (hereinafter referred to as "Specialized Securities Companies");
- (iv) Financial Instruments Intermediaries prescribed in Article 2, paragraph (12) (Definitions) of the Financial Instruments and Exchange Act which, apart from Financial Instruments Intermediation (meaning Financial Instruments Intermediation as prescribed in Article 2, paragraph (11) (Definitions) of that Act and limited to services for carrying out any of the acts listed in the following; hereinafter the same shall apply in this item), exclusively engage in activities incidental to Financial Instruments Intermediation and other services specified by Cabinet Office Ordinance (hereinafter referred to as "Specialized Securities Intermediation Companies");
 - (a) Acts listed in Article 2, paragraph (11), item (i) (Definitions) of the Financial Instruments and Exchange Act;
 - (b) Intermediation for the entrustment of the purchase and sale of securities on a Financial Instruments Exchange Market as prescribed in Article 2, paragraph (17) (Definitions) of the Financial Instruments and Exchange Act or a Foreign Financial Instruments Market as prescribed in Article 2, paragraph (8), item (iii), sub-item (b) (Definitions) of that Act (excluding acts listed in sub-item (c));
 - (c) Intermediation for the entrustment of acts listed in Article 28, paragraph (8) item (iii) or (v) (General Rules) of the Financial Instruments and Exchange Act; and
 - (d) Acts listed in Article 2, paragraph (11), item (iii) (Definitions) of the Financial Instruments and Exchange Act.
 - (v) Insurance Companies;
 - (v)-2 Low-Cost, Short-Term Insurance Providers prescribed in Article 2, paragraph (18) (Definitions) of the Insurance Services Act (hereinafter referred to as "Low-Cost, Short-Term Insurance Providers");
 - (vi) Trust companies prescribed in Article 2, paragraph (2) (Definitions) of the Trust Business Act (Act No. 154 of 2004) which exclusively engage in Trust Business, etc. (meaning Trust Business, etc. as prescribed in Article 1, paragraph (1) (Authorization of Trust Business, etc.) of Act on Engagement in Trust Business by a Financial Institution (Act No. 43 of 1943; hereinafter referred to as "Act on Trust Business by Financial Institutions"); the same shall apply hereinafter) (hereinafter referred to as "Companies Specialized in Trust Business");
 - (vii) Foreign companies that engage in Banking;
 - (viii) Foreign companies that engage in Securities Services (excluding those that fall under the category of companies specified in the preceding item);

- (ix) Foreign companies that engage in Insurance Services (meaning Insurance Services prescribed in Article 2, paragraph (1) (Definitions) of the Insurance Services Act; the same shall apply hereinafter) (excluding those that fall under the category of companies specified in item (vii));
- (x) Foreign companies which engage in Trust Business (meaning Trust Business prescribed in Article 2, paragraph (1) (Definitions) of the Trust Business Act; the same shall apply hereinafter) (excluding those that fall under the category of companies specified in item (vii));
- (xi) Companies that exclusively engage in Dependent Business or Financial Services (limited, in case of those which engage in Dependent Business, to those that engage in the Dependent Business mainly for business operated by the Bank, its Subsidiary Companies (limited to companies that fall under any of the categories listed in items (i) to (ii)-2 inclusive and (vii); the same shall apply in paragraph (7)) or other entities specified by Cabinet Office Ordinance as being similar to the Bank and its Subsidiary Companies, and in case of a company which engages in Financial Services and falls under any of the following business categories, limited to the cases specified in the respective categories):
 - (a) A company that engages in all of Specialized Securities Services, Specialized Insurance Services and Specialized Trust Services: cases where the total voting rights held in the company by the Bank's Securities Subsidiary Companies, etc. exceed the total voting rights held therein by the Bank and its Subsidiary Companies (excluding the Securities Subsidiary Companies, etc., Insurance Subsidiary Companies, etc. and Trust Subsidiary Companies, etc.), where the total voting rights held in the company by the Bank's Insurance Subsidiary Companies, etc. exceed the total voting rights held therein by the Bank and its Subsidiary Companies (excluding the Securities Subsidiary Companies, etc., Insurance Subsidiary Companies, etc. and Trust Subsidiary Companies, etc.), and where the total voting rights held in the company by the Bank's Trust Subsidiary Companies, etc. exceed the total voting rights held therein by the Bank and its Subsidiary Companies (excluding the Securities Subsidiary Companies, etc., Insurance Subsidiary Companies, etc. and Trust Subsidiary Companies, etc.);
 - (b) A company that engages in both Specialized Securities Services and Specialized Insurance Services (excluding those falling under the category listed in sub-item (a)): cases where the total voting rights held in the company by the Bank's Securities Subsidiary Companies, etc. exceed the total voting rights held therein by the Bank and its Subsidiary Companies (excluding the Securities Subsidiary Companies, etc. and Insurance Subsidiary Companies, etc.), and where the total voting rights held in the

- company by the Bank's Insurance Subsidiary Companies, etc. exceed the total voting rights held therein by the Bank and its Subsidiary Companies (excluding the Securities Subsidiary Companies, etc. and Insurance Subsidiary Companies, etc.);
- (c) A company that engages in both Specialized Securities Services and Specialized Trust Services (excluding those falling under the category listed in sub-item (a)): cases where the total voting rights in the company held by the Bank's Securities Subsidiary Companies, etc. exceed the total voting rights held therein by the Bank and its Subsidiary Companies (excluding the Securities Subsidiary Companies, etc. and Trust Subsidiary Companies, etc.), and where the total voting rights held in the company by the Bank's Trust Subsidiary Companies, etc. exceed the total voting rights held therein by the Bank and its Subsidiary Companies (excluding the Securities Subsidiary Companies, etc. and Trust Subsidiary Companies, etc.);
- (d) A company that engages in both Specialized Insurance Services and Specialized Trust Services (excluding those falling under the category listed in sub-item (a)): cases where the total voting rights held in the company by the Bank's Insurance Subsidiary Companies, etc. exceeds the total voting rights held therein by the Bank and its Subsidiary Companies (excluding the Insurance Subsidiary Companies, etc. and Trust Subsidiary Companies, etc.), and where the total voting rights held in the company by the Bank's Trust Subsidiary Companies, etc. exceeds the total voting rights held therein by the Bank and its Subsidiary Companies (excluding the Insurance Subsidiary Companies, etc. and Trust Subsidiary Companies, etc.);
- (e) A company that engages in Specialized Securities Services (excluding those falling under the category listed in sub-items (a), (b) and (c)): cases where the total voting rights held in the company by the Bank's Securities Subsidiary Companies, etc. exceed the total voting rights held therein by the Bank and its Subsidiary Companies (excluding the Securities Subsidiary Companies, etc.);
- (f) A company that engages in Specialized Insurance Services (excluding those falling under the category listed in sub-items (a), (b) and (d)): cases where the total voting rights held in the company by the Bank's Insurance Subsidiary Companies, etc. exceeds the total voting rights held therein by the Bank and its Subsidiary Companies (excluding the Insurance Subsidiary Companies, etc.); and
- (g) A company that engages in Specialized Trust Services (excluding those falling under the category listed in sub-items (a), (c) and (d)): cases where the total voting rights held in the company by the Bank's Trust Subsidiary

- Companies, etc. exceed the total voting rights held therein by the Bank and its Subsidiary Companies (excluding the Trust Subsidiary Companies, etc.).
- (xii) Companies specified by Cabinet Office Ordinance as those exploring new business fields or conducting new business activities found to contribute considerably to the improvement of management (limited to cases where the total voting rights held in the company by the Bank and its Subsidiary Companies other than those that fall under the categories listed in the preceding item and specified by Cabinet Office Ordinance (such excluded companies shall be referred to as "Specified Subsidiary Companies" in paragraph (7) of the following Article) do not exceed the Maximum Threshold for Voting Rights Held as prescribed in Article 16-3, paragraph (1)); and
 - (xiii) Among Holding Companies whose Subsidiary Companies consist exclusively of companies falling under any of the categories specified in the preceding items, those specified by Cabinet Office Ordinance (including those which are scheduled to become such a Holding Company).
- (2) In the preceding paragraph, the meanings of the terms listed in the following items shall be as prescribed respectively in those items:
- (i) Dependent Business: Business specified by Cabinet Office Ordinance as those being dependent on business of a Bank or a company falling under any of the categories specified in items (ii) to (x) inclusive of the preceding paragraph;
 - (ii) Financial Services: Business specified by Cabinet Office Ordinance as being incidental or related to Banking, Securities Services, Insurance Services or Trust Business;
 - (iii) Specialized Securities Services: Business specified by Cabinet Office Ordinance as those being incidental or related exclusively to Securities Services;
 - (iv) Specialized Insurance Services: Business specified by Cabinet Office Ordinance as those being incidental or related exclusively to Insurance Services;
 - (v) Specialized Trust Services: Business specified by Cabinet Office Ordinance as those being incidental or related exclusively to Trust Business;
 - (vi) A Securities Subsidiary Company, etc.: A Bank's Subsidiary Company which falls under any of the following categories:
 - (a) A Specialized Securities Company, Specialized Securities Intermediation Company or foreign company which engages in Securities Services;
 - (b) A Holding Company which falls under the category listed in item (xiii) of the preceding paragraph and which has a company that falls under the category listed in sub-item (a) above as its Subsidiary Company; and
 - (c) Any other company which is a Subsidiary Company of a Specialized Securities Company or Specialized in Securities Intermediations that is a

Subsidiary Company of that Bank, and is specified by Cabinet Office Ordinance.

- (vii) An Insurance Subsidiary Company, etc.: A Bank's Subsidiary Company which falls under any of the following categories:
 - (a) An Insurance Company, Low-Cost, Short-Term Insurance Provider or foreign company which engages in Insurance Services;
 - (b) A Holding Company which falls under the category listed in item (xiii) of the preceding paragraph and which has a company that falls under the category listed in sub-item (a) above as its Subsidiary Company; and
 - (c) Any other company which is a Subsidiary Company of an Insurance Company or Low-Cost, Short-Term Insurance Provider that is a Subsidiary Company of that Bank, and is specified by Cabinet Office Ordinance.
- (viii) Trust Subsidiary Companies, etc.: A Bank's Subsidiary Company which falls under any of the following categories:
 - (a) A Bank that engages in Trust Business, etc. under the authorization set forth in Article 1, paragraph (1) (Authorization of Trust Business, etc.) of Act on Engagement in Trust Business by a Financial Institution (hereinafter referred to as a "Trust Bank");
 - (b) A Company Specialized in Trust Business or foreign company which engages in Trust Business;
 - (c) A Holding Company which falls under the category listed in item (xiii) of the preceding paragraph and which has a company that falls under the category listed in sub-item (a) or (b) above as its Subsidiary Company; and
 - (d) Any other company which is a Subsidiary Company of a Trust Bank or Company Specialized in Trust Business that is a Subsidiary Company of that Bank, and is specified by Cabinet Office Ordinance.
- (3) The provisions of paragraph (1) shall not apply to the case where a company other than Companies Eligible to Be a Subsidiary Companies became a Subsidiary Company of that Bank by acquisition of that company's Shares, etc. by that Bank or its Subsidiary Company through enforcement of a security interest or by any other cause specified by Cabinet Office Ordinance; provided, however, that that Bank shall take that necessary measures for making a company that has become its Subsidiary Company in a manner as described above, cease to be its Subsidiary Company by the day on which one year has elapsed from the date on which that cause arose.
- (4) A Bank shall, when it wishes to cause a Company Eligible to Be Subsidiary Company which falls under any of categories listed in items (i) to (xi) inclusive and (xiii) of paragraph (1) (excluding that which exclusively engages in Dependent Business (meaning Dependent Business defined in paragraph (2), item (i); hereinafter the same shall apply in this paragraph and paragraph (7)) or business specified by Cabinet Office Ordinance as that being incidental or

related exclusively to Banking (in case of a company which engages in Dependent Business, limited to that engages in it mainly for business operated by the Bank); such a Company Eligible to Be Subsidiary Company shall be referred to as a "Bank, etc. Eligible to Be Subsidiary Company" in this Article and paragraph (4), item (i) of the following Article) to become its Subsidiary Company, obtain authorization therefor from the Prime Minister in advance, except when an authorization for merger, company split or acquisition of business from the other company is to be obtained pursuant to the provisions of Article 30, paragraphs (1) to (3) inclusive of this Act or Article 5, paragraph (1) (Authorization) of the Act on Mergers and Conversions in Financial Institutions (Act No. 86 of 1968).

- (5) The provisions of the preceding paragraph shall not apply to the cases where a Bank, etc. Eligible to Be Subsidiary Company became a Subsidiary Company of a Bank by acquisition of its Shares, etc. by the Bank or its Subsidiary Company through enforcement of security interest or by any other cause specified by Cabinet Office Ordinance; provided, however, that the Bank shall take necessary measures for causing the Bank, etc. Eligible to Be a Subsidiary Company to cease to be its Subsidiary Company by the day on which one year has elapsed from the date on which that cause arose, except when the Bank has obtained an authorization from the Prime Minister for causing the Bank, etc. Eligible to Be a Subsidiary Company, which became to its Subsidiary Company, continue to be its Subsidiary Company.
- (6) The provisions of paragraph (4) shall apply mutatis mutandis to the cases where a Bank wishes to change a company falling under any of the categories prescribed in the items of paragraph (1) as its Subsidiary Company into its Subsidiary Company falling under any of the categories prescribed in any other item of that paragraph (limited to a Bank, etc. Eligible to Be a Subsidiary Company).
- (7) In the case referred to in paragraph (1), item (xi) or paragraph (4), the Prime Minister shall provide for criteria for regarding a company as engaging in Dependent Business mainly on behalf of a Bank, its Subsidiary Companies or other entities specified by Cabinet Office Ordinances as being similar thereto or for the business operated by a Bank.
- (8) With regard to application of the provisions of paragraph (1), item (xi) in the case where the Bank is a Trust Bank, the term "the total voting rights held by the Bank's Trust Subsidiary Companies, etc. exceeds the total voting rights held by the Bank and its Subsidiary Companies" in paragraph (1), item (xi), sub-items (a), (c), (d) and (g) shall be deemed to be replaced with "the total voting rights held by the Bank and its Trust Subsidiary Companies, etc. exceeds the total voting rights held by the Bank's Subsidiary Companies."

(Restriction on Acquisition, etc. of Voting Rights by a Bank, etc.)

- Article 16-3 (1) A Bank or its Subsidiary Companies shall not acquire or hold voting rights in a domestic company (excluding companies falling under the category listed in paragraph (1), items (i) to (vi) inclusive, (xi) and (xiii) of the preceding Article; hereinafter the same shall apply in this Article) if the total number of such voting rights held by the Bank and/or Subsidiary Companies exceeds the Maximum Threshold for Voting Rights Held (meaning the five hundredths of the number of Voting Rights Held by All of the Shareholders, etc. of the domestic company; hereinafter the same shall apply in this Article).
- (2) The provisions of the preceding paragraph shall not apply to the cases where a Bank and/or its Subsidiary Companies, through enforcement of security interest or by any other cause specified by a Cabinet Office Ordinance, comes to acquire or hold voting rights in a domestic company if the total number of the voting right held by the Bank and/or its Subsidiary Companies exceeds the Maximum Threshold for Voting Rights Held; provided, however, that the Bank and/or the Subsidiary Companies shall not continue to hold the part of the voting rights which it came to acquire or hold in excess of the Maximum Threshold for Voting Rights Held after one year from the day on which it came to acquire or hold the voting rights, except when the Bank has obtain approval in advance for holding such portion of the voting rights from the Prime Minister.
- (3) In the case referred to in the proviso to the preceding paragraph, when the total number of voting rights acquired or held by the Bank and/or its Subsidiary Companies exceeds fifty hundredths of Voting Rights Held by All of the Shareholders, etc. of that domestic company, the Prime Minister's approval given under that paragraph shall not cover the part of the voting rights which the Bank and/or its Subsidiary Companies came to acquire or hold in excess of fifty hundredths; and the approval of the Prime Minister shall be given on the condition that the Bank and/or the Subsidiary Companies will dispose of the part of the voting rights which it came to acquire or hold in excess of the Maximum Threshold for Voting Rights Held promptly.
- (4) Notwithstanding the provisions of paragraph (1), in the case listed in any of the following items, even if the total number of voting rights in a domestic company held by a Bank and/or its Subsidiary Companies on the day prescribed in the respective items exceeds the Maximum Threshold for Voting Rights Held, the Bank and/or its Subsidiary Companies may hold voting rights in excess of the Maximum Threshold for Voting Rights Held after that day; provided, however, that the Prime Minister shall not grant an authorization (or the license in the case of item (iv); the same shall apply in the following paragraph) referred to in the following items, if the total number of the domestic company's voting rights to be held by the Bank and/or the Subsidiary

Companies in the case referred to in the respective items exceeds fifty hundredths of Voting Rights Held by All of the Shareholders, etc. of that domestic company:

- (i) In the case where the Bank causes a Bank, etc. Eligible to Be a Subsidiary Company to become its Subsidiary Company under the authorization set forth in paragraph (4) of the preceding Article (limited to the cases specified by Cabinet Office Ordinance): the day when the Bank, etc. Eligible to Be a Subsidiary Company becomes the Bank's Subsidiary Company;
 - (ii) In the case where the Bank is established by the merger under the authorization set forth in Article 30, paragraph (1) of this Act or Article 5, paragraph (1) (Authorization) of the Act on Mergers and Conversions in Financial Institutions: the day when the Bank is established;
 - (iii) In the case where that Bank carries out a merger under the authorization set forth in Article 30, paragraph (1) of this Act or Article 5, paragraph (1) (Authorization) of the Act on Mergers and Conversions in Financial Institutions (limited to cases where the Bank survives after the Merger): the day when the Merger is carried out;
 - (iv) In the case where a company which has been established by Joint Incorporation-Type Split under the authorization set forth in Article 30, paragraph (2) obtains a license under Article 4, paragraph (1) and becomes a Bank: the day when the company obtains the license;
 - (v) In the case where that Bank succeeds to any other party's business through absorption-type split under the authorization set forth in Article 30, paragraph (2) (limited to the cases specified by Cabinet Office Ordinance): the day when the absorption-type split is carried out; and
 - (vi) In the case where that Bank acquires business under the authorization set forth in Article 30, paragraph (3) (limited to the cases specified by Cabinet Office Ordinance): the day when the transfer of the business is carried out.
- (5) The Prime Minister's authorization set forth in the items of the preceding paragraph shall be given on the condition that, such part of the voting rights in the domestic company to be held by the Bank and its Subsidiary Companies that will exceed the Maximum Threshold for Voting Rights Held on the day specified in the respective items are to be disposed in accordance with requirements set by the Prime Minister by the day on which five years has elapsed from that day.
- (6) In the case where a Bank and/or its Subsidiary Companies have come to hold voting rights in a domestic company of a total number that exceeds the Maximum Threshold for Voting Rights Held, the part of the voting rights held by that Bank and/or its Subsidiary Companies in excess of the Maximum Threshold for Voting Rights Held shall be deemed to be acquired or held by that Bank.

- (7) In the cases referred to in the preceding paragraphs, with respect to acquisition or holding of voting rights in a company specified by Cabinet Office Ordinance as one that is developing a new field of business or conducting new business activities found to contribute considerably to the improvement of management, a Specified Subsidiary Company shall be deemed not to be a Subsidiary Company of the Bank.
- (8) The provisions of Article 2, paragraph (11) shall apply mutatis mutandis to voting rights acquired or held by a Bank or its Subsidiary Company in the cases referred to in the preceding paragraphs.

Chapter III Accounting

(Business Year)

Article 17 The business year of a Bank shall be from April 1 to March 31 of the following year.

(Amounts of Capital Reserves and Retained Earnings Reserves)

Article 18 Notwithstanding the provisions of Article 445, paragraph (4) (Amounts of Stated Capital and Amounts of Reserves) of the Companies Act, in the case where a Bank pays dividends from surplus, it shall record an amount equivalent to one fifth of the amount of the deduction from surplus as a result of the payment of such dividends of surplus, as capital reserves or retained earnings reserves pursuant to the provisions of Cabinet Office Ordinance.

(Business Reports, etc.)

- Article 19 (1) A Bank shall, for each business year, prepare an interim business report pertaining to the Interim Business Year (meaning the period from April 1 through September 30 of the business year; the same shall apply hereinafter) of that business year and a business report pertaining to the entire business year that contain statements on the status of its business and property and submit them to the Prime Minister.
- (2) In the case where a Bank has a Subsidiary Company, etc., said Bank shall, for each business year, prepare an interim business report pertaining to the Interim Business Year of the business year that contains consolidated statements on the status of business and property of that Bank and that Subsidiary Company, etc. and a business report pertaining to the entire business year that contains such consolidated statements, in addition to the reports set forth in the preceding paragraph, and submit them to the Prime Minister.
- (3) The matters to be stated in the reports set forth in the preceding two paragraphs, the due dates for submission and any other necessary matters

regarding these reports shall be specified by Cabinet Office Ordinance.

(Public Notice. etc. of the Balance Sheet, etc.)

- Article 20 (1) A Bank shall, for each business year, prepare a balance sheet and profit and loss statement pertaining to the Interim Business Year of the business year (hereinafter referred to as "Interim Balance Sheet, etc." in this Article) and those pertaining to the entire business year (hereinafter referred to as "Balance Sheets, etc." in this Article) pursuant to the provisions of Cabinet Office Ordinance.
- (2) In the case where a Bank has a Subsidiary Company, etc., it shall, for each business year, prepare an Interim Balance Sheet and profit and loss statement pertaining to the Interim Business Year of the business year that contains consolidated statements on the Bank and its Subsidiary Company, etc. (hereinafter referred to as an "Interim Consolidated Balance Sheet, etc." in this Article) and balance sheet and profit and loss statement pertaining to the entire business year that contains such consolidated statements (hereinafter referred to as an "Consolidated Balance Sheets, etc." in this Article) pursuant to the provisions of Cabinet Office Ordinance, in addition to the Interim Balance Sheets, etc. and the Balance Sheets, etc.
- (3) Interim Balance Sheet, etc., Balance Sheet, etc., Interim Consolidated Balance Sheet, etc. and Consolidated Balance Sheet, etc. may be prepared by Electromagnetic Record (meaning records produced by electronic forms, magnetic forms, or any other forms unrecognizable by human senses, which are for computer data-processing use specified by Cabinet Office Ordinance; the same shall apply hereinafter.).
- (4) A Bank shall give public notice of its Interim Balance Sheet, etc. and Interim Consolidated Balance Sheet, etc. within three months after the end of the relevant Interim Business Year and of Balance Sheet, etc. and Consolidated Balance Sheet, etc. within three months after the end of the relevant business year, pursuant to the provisions of Cabinet Office Ordinance; provided, however, that in the case where it is not possible to give public notice of these documents within the three months period due to compelling reason, public notice thereof may be postponed by obtaining the Prime Minister's approval.
- (5) Notwithstanding the provisions of the preceding paragraph, it would be sufficient for a Bank which adopts the Method of Public Notice (meaning the Method of Public Notice prescribed in Article 2, item (xxxiii) (Definitions) of the Companies Act; the same shall apply hereinafter) listed in Article 57, item (i) to give public notice only of the gist of Interim Balance Sheet, etc., Balance Sheet, etc., Interim Consolidated Balance Sheet, etc. and Consolidated Balance Sheet, etc. pursuant to the provisions of Cabinet Office Ordinance. In this case, the proviso to the preceding paragraph shall apply mutatis mutandis.

(6) A Bank which gives public notice as prescribed in the preceding paragraph may, pursuant to the provisions of Cabinet Office Ordinance, take measures to make the information contained in Interim Balance Sheet, etc. and Interim Consolidated Balance Sheet, etc. within three months after the end of the relevant Interim Business Year, and the information contained in Balance Sheet, etc. and Consolidated Balance Sheet, etc. within three months after the end of the relevant business year, accessible to many and unspecified persons continually for five years by the Electromagnetic Means (the method using electronic data processing system and any other methods specified by Cabinet Office Ordinance using information and communications technology; the same shall apply hereinafter). In this case, the Bank shall be deemed to give public notice pursuant to the provisions of paragraph (4).

(Disclosure of Explanatory Documents on the Status of Business and Property for Public Inspection, etc.)

Article 21 (1) A Bank shall, for each business year, prepare explanatory documents that contain matters specified by Cabinet Office Ordinance as those related to the status of its business and property for the Interim Business Year of the business year and such explanatory documents for the entire business year, and keep them at its business offices (excluding unmanned business offices and other offices specified by Cabinet Office Ordinance; the same shall apply in the following paragraph and paragraph (4)) and make them available for public inspection. The same shall apply to the documents prepared under the provisions of paragraph (1) of the preceding Article.

(2) In the case where a Bank has a Subsidiary Company, etc., it shall, for each business year, prepare explanatory documents that contain consolidated statements on matters specified by Cabinet Office Ordinance as those related to the status of business and property of the Bank and its Subsidiary Company, etc. for the Interim Business Year of the business year and such consolidated explanatory documents for the entire business year, and keep them at its business offices together with the documents prepared under the first sentence of the preceding paragraph and make them available for public inspection. The same shall apply to the documents prepared under the provisions of paragraphs (1) and (2) of the preceding Article.

(3) Explanatory documents for the Interim Business Year and those for the entire business year prescribed in the first sentence of the paragraph (1) and the first sentence of the preceding paragraph may be prepared in the form of an Electromagnetic Record.

(4) When the explanatory documents for the Interim Business Year and those for the entire business year as prescribed in the first sentence of the paragraph (1) or documents prescribed in the second sentence of that paragraph are prepared

in the form of Electromagnetic Records, the Bank may take the measures specified by Cabinet Office Ordinance as those for making the information contained in Electromagnetic Records accessible to many and unspecified persons by Electromagnetic Means at its business offices. In this case, the Bank shall be deemed to be keeping the explanatory documents for the Interim Business Year and those for the entire business year prescribed in the first sentence of the paragraph (1) or documents prescribed in the second sentence of that paragraph and making them available for public inspection, pursuant to the provisions of that paragraph.

(5) The provisions of the preceding paragraph shall apply mutatis mutandis to the explanatory documents for the Interim Business Year and those for the entire business year prescribed in the first sentence of the paragraph (2) or documents prescribed in the second sentence of that paragraph.

(6) In addition to what is provided for in the provisions of the preceding paragraphs, matters necessary for applying these provisions, including the periods of time for which documents in paragraph (1) or (2) are required to be made available for public inspection, shall be specified by Cabinet Office Ordinance.

(7) A Bank shall endeavor to disclose matters of reference for depositors or other customers to learn the status of business and property of the Bank and its Subsidiary Companies, etc., in addition to matters prescribed in the provisions of the preceding paragraphs.

(Matters to Be Stated, etc. in Business Reports, etc.)

Article 22 Matters to be stated or recorded in business reports and supplementary schedules thereof which a Bank is required to prepare under Article 435, paragraph (2) (Preparation and Retention of Financial Statements, etc.) of the Companies Act shall be specified by Cabinet Office Ordinance.

(Inapplicability of the Right of a Shareholder, etc. to Inspect the Account Books)

Article 23 The provisions of Article 433 (Request to Inspect Account Books) of the Companies Act shall not apply to accounting books of a Bank and materials relating thereto.

Chapter IV Supervision

(Submission of Reports or Materials)

Article 24 (1) The Prime Minister may, when he/she finds it necessary for ensuring sound and appropriate management of the business of a Bank, require the Bank (including a Bank Agent for which said Bank serves as an

Principal Bank) to submit reports or materials concerning the status of its business activities or property.

- (2) The Prime Minister may, when and to the extent that he/she finds it particularly necessary for ensuring the sound and appropriate management of the business of a Bank, require a Subsidiary, etc. of said Bank (meaning a Subsidiary Company or any other entity that is specified by Cabinet Office Ordinance as a juridical person of which management is controlled by that Bank; the same shall apply in the following paragraph, paragraphs (2) and (5) of the following Article and Article 47, paragraph (2)) or a person to whom business has been entrusted by that Bank (excluding the Bank Agent set forth in the preceding paragraph; the same shall apply in the following paragraph and paragraphs (2) and (5) of the following Article) to submit reports or materials that would be helpful for understanding the status of the business activities or property of said Bank.
- (3) A Subsidiary, etc. of a Bank or a person to whom business activities have been entrusted by that Bank may refuse to submit reports or materials required under the preceding paragraph if there are justifiable grounds.

(On-Site Inspections)

- Article 25 (1) The Prime Minister may, when he/she finds it necessary for ensuring the sound and appropriate management of the business activities of a Bank, have his/her officials enter a business office or any other facility of that Bank (including a Bank Agent for which said Bank serves as a Principal Bank), ask questions on the status of its business activities or property, or inspect relevant books and documents or other articles of the Bank.
- (2) The Prime Minister may, when and to the extent that he/she finds it particularly necessary in the case of entering a site, asking questions or conducting an inspection under the preceding paragraph, have his/her officials enter a facility of a Subsidiary, etc. of the Bank or that of a person to whom business activities have been entrusted by that Bank, have them ask questions on matters that are necessary for questioning or inspecting the Bank, or have them inspect relevant books and documents or other articles of the Bank.
 - (3) In the cases referred to in the preceding two paragraphs, the relevant official shall carry a certificate for identification and produce it to those concerned when requested.
 - (4) The authority under paragraphs (1) and (2) shall not be construed as having been granted for criminal investigation.
 - (5) The provisions of paragraph (3) of the preceding Article shall apply *mutatis mutandis* to the questioning and inspection of a Subsidiary, etc. of that Bank or a person to whom business has been entrusted by that Bank under the provisions of paragraph (2).

(Suspension, etc. of Business)

Article 26 (1) The Prime Minister may, when he/she finds it necessary for ensuring sound and appropriate management of the business activities of a Bank in light of the status of the business activities or property of that Bank or the property of that Bank and its Subsidiary Companies, etc., request that Bank to submit an improvement plan for ensuring soundness in management of that Bank or order a change to the submitted improvement plan by designating the matters and the time limit for which measures should be taken, or, within the limit necessary, order suspension of the whole or part of the business activities of that Bank by setting a time limit or order deposit of property of that Bank or other measures necessary for the purpose of supervision.

(2) An order under the preceding paragraph (including the request of submission of an improvement plan) that is given when it is found necessary in light of the adequacy of equity capital of a Bank or that of a Bank and its Subsidiary Companies, etc. shall be one of those that are specified by Cabinet Office Ordinance and an Ordinance of the Ministry of Finance for the categories of the adequacy of equity capital of a Bank or a Bank and its Subsidiary Companies, etc. specified by Cabinet Office Ordinance or a Ordinance of the Ministry of Finance, respectively.

(Rescission, etc. of License)

Article 27 The Prime Minister may, when a Bank has violated any laws and regulations, its articles of incorporation or a disposition by the Prime Minister based on any laws and regulations or has committed an act that harms the public interest, order said Bank to suspend the whole or part of its business or to dismiss its director, executive officer, accounting advisor, or company auditor, or rescind the license set forth in Article 4, paragraph (1).

Article 28 The Prime Minister may, in the case where he/she has ordered a Bank to suspend the whole or part of its business pursuant to the provisions of the preceding two Articles, when he/she finds it necessary in light of the circumstances of such arrangement, rescind the license set forth in Article 4, paragraph (1).

(Retention of Assets Within Japan)

Article 29 The Prime Minister may, when and to the extent that he/she finds it necessary for the protection of Depositors, etc. or otherwise necessary for public interest, order a Bank to retain such part of its assets specified by Cabinet Order, within Japan, pursuant to the provisions of Cabinet Order.

Chapter V Mergers, Company Splits, and the Transfer and Acquisition of Business

(Authorization for a Merger, Company Split, or the Transfer or Acquisition of Business)

- Article 30 (1) Any merger involving a Bank or Banks as all or some of parties (limited to the case where the surviving company or the company established by the merger is a Bank and excluding a merger under Article 3 (Merger) of the Act on Mergers and Conversions in Financial Institutions; such a merger shall be hereinafter referred to as the "Merger" in this Chapter) shall not be effective without the authorization of the Prime Minister.
- (2) No company split to which a Bank is a party shall be effective without the authorization of the Prime Minister, except for the cases specified by Cabinet Order.
- (3) No transfer or acquisition of the whole or part of business activities to which a Bank is a party shall be effective without the authorization of the Prime Minister, except for the cases specified by a Cabinet Order.
- (4) The provisions of Article 16 (Restriction on the Acquisition of Business Activities, etc.) and other provisions related thereto of the Act on Prohibiting Private Monopolies and Ensuring Fair Trade shall apply to the case where a Bank received the whole or part of business of a shinkin bank, credit cooperative or Labor Bank (including federations consisting of these juridical persons; hereinafter collectively referred to as "Shinkin Bank, etc." in this Chapter), by deeming the Shinkin Bank, etc. as a company.

Article 31 When an application for the authorization set forth in the preceding Article is filed, the Prime Minister shall examine whether or not the following requirements are satisfied:

- (i) The Merger, company split or whole or partial transfer or acquisition of business for which authorization is sought under the preceding Article (hereinafter referred to as "the Merger, etc." in this Article) must be appropriate in light of the necessity to secure smooth supply and demand of funds and convenience of the customers in the region where the Bank, etc. (meaning Bank and Long-Term Credit Bank; hereinafter the same shall apply except in Article 52-61) or the Shinkin Bank, etc. which is a party to the Merger, etc. operate its business (in the case where only part of the business is succeeded through company split or only part of the business is transferred or received, limited to the region in which that part of business is operated);
- (ii) It is unlikely that the Merger, etc. will disturb the order of the financial

system, including impeding fair competition among financial institutions;
and

(iii) It is fully expected that the Bank that files the application for the authorization set forth in the preceding Article or the Bank established by the Merger will conduct its business appropriately, fairly and efficiently after the Merger, etc.

(Deemed License)

Article 32 A company engaged in Banking that was established by Merger with the authorization set forth in Article 30, paragraph (1) shall be deemed to have obtained, at the time of its establishment, a license from the Prime Minister under Article 4, paragraph (1).

(Notice of Objections by the Creditors in Case of Merger)

Article 33 Where a Bank passes a resolution for a Merger, the notice required under the provisions of Article 789, paragraph (2), Article 799, paragraph (2) or Article 810, paragraph (2) (Objections by the Creditors) of the Companies Act need not be given to Depositors, etc. or any other creditors specified by Cabinet Order.

(Notice of Objections by the Creditors in the Case of a Company Split)

Article 33-2 (1) Where a Bank passes a resolution for a company split, the notice required under the provisions of Article 789, paragraph (2), Article 799, paragraph (2) or Article 810, paragraph (2) (Objections by the Creditors) of the Companies Act shall not be required to be given to Depositors, etc. or any other creditors specified by Cabinet Order.

(2) The provisions of Article 759, paragraphs (2) and (3) (Effectuation of an Absorption-Type Company Split Which Causes the Succession of Rights and Obligations by a Stock Company), Article 761, paragraphs (2) and (3) (Effectuation of an Absorption-Type Company Split Which Causes the Succession of Rights and Obligations by a Membership Company), Article 764, paragraphs (2) and (3) (Effectuation of an Incorporation-type Company Split by Which a Stock Company Is Established) and Article 766, paragraphs (2) and (3) (Effectuation of an Incorporation-type Company Split by Which a Membership Company is Established) of the Companies Act shall not apply to Depositors, etc. or any other creditors specified by Cabinet Order to which the notice of objections is not required to be given under the preceding paragraph.

(Notice of Objections by the Creditors in the Case of a Transfer or Acquisition of Business)

Article 34 (1) Where the shareholders' meeting of a Bank passes a resolution to

transfer the whole of its business or to acquire the whole of another party's business (or, in the case where a Bank acquires the whole of the other party's business not through a resolution as required by Article 467, paragraph (1) (Approval for the Assignment of Business) of the Companies Act pursuant to the provisions of Article 468 (Cases where Approval for the Assignment of Business Is Not Required) of that Act, where its board of directors passes a resolution to acquire said business or its executive officers decide to acquire said business), the Bank shall, within two weeks from the day of the resolution or decision, give public notice, in the official gazette, of the gist of the resolution or the decision and to the effect that any creditors who have any objections to the transfer of the whole of business or to the acquisition of the whole of the other party's business should file an objection within a specified period of time, and shall give notice of the same separately to each known creditor other than Depositors, etc. or any other creditors specified by Cabinet Order, if any.

(2) The period under the preceding paragraph shall not be less than one month.

(3) Notwithstanding the provisions of paragraph (1), if a Bank, in addition to the public notice in the official gazette, gives public notice under that paragraph by using a method of public notice listed in the items of that Article, in accordance with the provisions of its articles of incorporation under the provisions of Article 57, the Bank shall not be required to give separate notices under the provisions of that paragraph.

(4) In cases where creditors do not raise any objections within the period under paragraph (1), such creditors shall be deemed to have approved such transfer of the whole of the Bank's business or acquisition of the whole of the other party's business.

(5) In cases where creditors raise objections within the period under paragraph (1), the Bank must make payment to such creditors or entrust equivalent property to a trust company or other financial institution that engages in Trust Business, etc. for the purpose of providing equivalent security or assuring payment to such creditors; provided, however, that this shall not apply if the transfer or acquisition of the whole of business is unlikely to be detrimental to such creditors.

Article 35 (1) Where a resolution is passed at a Bank's shareholders' meeting or board of directors meeting to make the Bank a party to the transfer or acquisition of a part of business, or where the executive officers of a Bank decide to make such a transfer or acquisition, the Bank may, within two weeks from the day of the resolution or decision, give public notice, in the official gazette, of the gist of the resolution or the decision and to the effect that any creditors who have any objections to the transfer or acquisition of part of

business should file an objection within a specified period of time; provided, however, that the Bank shall give separate notice to each known creditor other than Depositors, etc. and other creditors specified by Cabinet Order.

- (2) The period under the preceding paragraph shall not be less than one month.
- (3) The provisions of paragraphs (3) to (5) inclusive of the preceding Article shall apply mutatis mutandis to objections of creditors pertaining to the public notice or notice under paragraph (1).

(Public Notice, etc. of a Company Split or a Transfer of Business)

Article 36 (1) Where a Bank causes another party to succeed to the whole or a part of its business activities through a company split, or where a Bank transfers the whole or part of its business to another party, said Bank must give public notice to that effect without delay.

- (2) When a Bank gives public notice under the provisions of the preceding paragraph by the method of public notice in Article 57, item (i), it shall be deemed that an instrument bearing a fixed date is served to the creditors of the Bank that makes such public notice under the provisions of Article 467 (Defense of Obligor upon Assignment of Nominative Claim) of the Civil Code (Act No. 89 of 1896). In this case, the date of the public notice shall be deemed to be the fixed date.

Chapter VI Discontinuance of Banking and Dissolution

(Authorization for the Discontinuance of Banking and Dissolution, etc.)

Article 37 (1) None of the following matters shall take effect without the authorization of the Prime Minister:

- (i) A resolution at the shareholders' meeting that approves an amendment in the articles of incorporation related to the abolition of Banking;
 - (ii) A merger of which the parties solely consist of Banks or include a Bank or Banks (excluding a merger prescribed in Article 30, paragraph (1) and a Merger that falls under Mergers prescribed in Article 3 (Mergers) of the Act on Mergers and Conversions in Financial Institutions); or
 - (iii) A resolution at a shareholders' meeting that approves the dissolution of the Bank.
- (2) When an application for the authorization set forth in the preceding paragraph is filed, the Prime Minister shall examine whether or not any of the following criteria apply:
- (i) That the abolition of Banking, merger or dissolution is inevitable in light of the status of business and property of said Bank; or
 - (ii) That the abolition of Banking, merger or dissolution is unlikely to be detrimental to the smooth supply and demand of funds and customer

convenience in the region where said Bank carries out its business activities.

(3) When an application for the authorization set forth in paragraph (1) is filed by a Bank that receives an order to suspend the whole or part of its business from the Prime Minister under the provisions of Article 26, paragraph (1) or Article 27, the Prime Minister shall not grant the authorization set forth in paragraph (1). The same shall apply to the cases where an application for the authorization set forth in paragraph (1) is filed by a Bank for which the Prime Minister finds it necessary to make such an order or to rescind the license set forth in Article 4, paragraph (1) under the provisions of Article 27.

(Public Notice, etc. of the Discontinuance of Banking, etc.)

Article 38 Upon obtaining the authorization set forth in paragraph (1) of the preceding Article, the Bank shall immediately give public notice to that effect and on the details of the matters for which the authorization is granted, and shall notify the same to Bank Agents for which said Bank has served as an Principal Bank and post a notice of the same in a place easily seen by the public at all of its business offices for a period of not less than one month, pursuant to the provisions of Cabinet Office Ordinance.

(Effectiveness of Provisions on Grounds for Dissolution in the Articles of Incorporation)

Article 39 Notwithstanding the provisions of Article 471, items (i) and (ii) (Grounds for Dissolution) of the Companies Act, a Bank shall not be dissolved due to the grounds provided in items (i) and (ii) of that Article.

(Dissolution as a Result of a Rescission of License)

Article 40 A Bank shall dissolve when a license from the Prime Minister set forth in Article 4, paragraph (1) is rescinded under the provisions of Article 27 or Article 28.

(Lapse of License)

Article 41 When a Bank falls under any conditions specified in any of the following items, the license from the Prime Minister set forth in Article 4, paragraph (1) shall lose its effect:

- (i) When the Bank has abolished all of its Banking;
- (ii) When the Bank has caused another party to succeed to the whole of its business through a company split or when the Bank has transferred all of its business;
- (iii) When the Bank has dissolved (including the case where a court judgment nullifying the establishment, share transfer, merger (limited to a merger resulting in the establishment of the Bank) or incorporation-type split has

- become final and binding); or
- (iv) When the Bank failed to commence business within six months from the day of obtaining its license (excluding the case where there is a compelling reason and the approval of the Prime Minister has been obtained in advance).

(Deemed Bank in the Case of a Rescission of License)

Article 42 Even in the case where a license from the Prime Minister set forth in Article 4, paragraph (1) is rescinded under the provisions of Article 27 or Article 28 or where that license loses its effect pursuant to the provisions of the preceding Article, a company which was a Bank theretofore shall still be deemed to be a Bank with regard to application of the provisions of Article 36, Article 38 and Article 46, paragraph (1).

(Transition into a Non-Banking Company, etc.)

- Article 43 (1) Where a Bank falls under the condition prescribed in Article 41, item (i) and thereby the license from the Prime Minister set forth in Article 4, paragraph (1) loses its effect, if the company which was a Bank theretofore still has any outstanding obligations, including deposits or Installment Savings, etc., the Prime Minister may, up until the day when the company completes performance of its obligations or the day on which 10 years have elapsed from the date on which the license loses its effect, whichever comes earlier, order the company to deposit property up to the total amount of its obligations, or give orders on the disposition of the obligations or on management or investment of its assets as necessary for protecting Depositors, etc., except the cases specified by Cabinet Order.
- (2) The provisions of the preceding paragraph shall apply mutatis mutandis to the cases where a company other than a Bank, etc. succeeds to any outstanding obligation of a Bank, including deposit or Installment Savings, etc., through merger or company split.
- (3) The provisions of Article 24, paragraph (1) and Article 25, paragraphs (1), (3) and (4) shall apply mutatis mutandis to a company to which the provisions of the preceding two paragraphs are applicable.

(Appointment and Dismissal of Liquidators, etc.)

- Article 44 (1) When a Bank dissolves by reason of rescission of the Prime Minister's license set forth in Article 4, paragraph (1), the court shall appoint a liquidator in response to a request by the interested parties or the Prime Minister, or ex officio. The same shall apply to dismissal of the liquidator so appointed.
- (2) In addition to the cases referred to in the preceding paragraph, the court may dismiss a liquidator in response to a request by the interested parties or the

Prime Minister, or ex officio. In this case, the court may appoint a new liquidator.

- (3) A person who has become subject to the ruling for commencement of bankruptcy procedures and has not had restored his/her rights or a person who is treated the same as such a person under the laws and regulations of a foreign state may not be appointed as a liquidator of a Bank that goes into liquidation (referred to as "Bank in Liquidation" in the following paragraph and paragraphs (3), (5), (7) and (8) of the following Article).
- (4) With regard to application of the provisions of Article 331, paragraph (1), item (iii) (Qualifications of Directors) of the Companies Act as applied mutatis mutandis pursuant to Article 478, paragraph (6) (Assumption of the Role of Liquidator) of that Act, the term "this Act" in that item shall be deemed to be replaced with "the Banking Act, this Act."

(Supervision of Liquidation)

- Article 45 (1) The liquidation of a Bank shall be subject to court supervision.
- (2) The supervision of a Bank's liquidation shall be subject to the jurisdiction of the district court with jurisdiction over the location of the Bank's head office.
 - (3) The court may inspect the progress in the liquidation and the status of the property of the Bank in Liquidation, may order the Bank in Liquidation to deposit property, and may take other measures necessary to the supervision of the liquidation. In this case, the court may appoint a special inspector in order to have him/her carry out such inspection.
 - (4) The provisions of the main clause of Article 871 (Grounds for Decisions), Article 872 (limited to the parts pertaining to item (i)) (Immediate Appeal), Article 875 (Exclusion from Application of the Act on Non-Contentious Cases Procedures Act) and Article 876 (Supreme Court Rules) of the Companies Act shall apply mutatis mutandis to orders given under the first sentence of the preceding paragraph, and Article 874 (limited to the parts pertaining to item (ii)) (Restriction on Appeals), Article 875 and Article 876 of the Companies Act shall apply mutatis mutandis to appointment of special inspector under the second sentence of the preceding paragraph.
 - (5) In the case where the court has appointed a special inspector under the second sentence of paragraph (3), it may fix the amount of the remuneration that the Bank in Liquidation shall pay to the special inspector.
 - (6) The provisions of Article 870 (limited to the parts pertaining to item (ii)) (Hearing of Statement), Article 872 (limited to the parts pertaining to item (iv)) (Immediate Appeal), Article 875 (Exclusion from Application of the Act on Non-Contentious Cases Procedures Act) and Article 876 (Supreme Court Rules) of the Companies Act shall apply mutatis mutandis to the amount of the remuneration fixed under the preceding paragraph.

- (7) The liquidator of a Bank in Liquidation shall notify the following matters to the court within two weeks from the day when he/she assumes the office of liquidator:
- (i) Grounds for dissolution (or, in the case of a Bank in Liquidation which falls under any of the cases provided in item (ii) and item (iii) of Article 475 (Causes of Commencement of Liquidation) of the Companies Act, to that effect) and the date of dissolution; and
 - (ii) Name and address of the liquidator.
- (8) When the liquidator of the Bank in Liquidation obtains, under Article 492, paragraph (3) (Preparation of Inventory of Property, etc.) of the Companies Act, approval at a shareholders' meeting for the inventory of property referred to in that paragraph, he/she shall, without delay, provide the court with the Inventory of Property (or, in the case where the inventory of property is prepared in the form of Electromagnetic Records, a document containing the matters recorded in such Electromagnetic Records).

(The Prime Minister's Opinion, etc. in the Liquidation Proceedings, etc.)

- Article 46 (1) In liquidation proceedings, bankruptcy proceedings, rehabilitation proceedings, reorganization proceedings or recognition and assistance proceedings for a Bank, the court may request an opinion of, or inspection or investigation by, the Prime Minister.
- (2) In the proceedings referred to in the preceding paragraph, the Prime Minister may state his/her opinion to the court, if he/she finds it necessary.
- (3) The provisions of Article 25, paragraphs (1), (3) and (4) shall apply mutatis mutandis to cases where the Prime Minister receives a request for the inspection or investigation from the court under the provisions of paragraph (1).

Chapter VII Branch Offices of Foreign Banks

(License, etc. for Foreign Banks)

- Article 47 (1) When a Foreign Bank wishes to engage in Banking in Japan, said Foreign Bank shall obtain a license from the Prime Minister as set forth in Article 4, paragraph (1) by specifying a single branch office that will serve as the principal base of that Foreign Bank's Banking in Japan (hereinafter referred to as the "Principal Branch Office of the Foreign Bank" in this Chapter), pursuant to the provisions of a Cabinet Office Ordinance.
- (2) When a Foreign Bank has obtained a license from the Prime Minister as set forth in Article 4, paragraph (1) pursuant to the provisions of the preceding paragraph, the provisions of this Act shall apply by deeming the Principal Branch Office of the Foreign Bank and any other branch offices or other business offices of that Foreign Bank in Japan (hereinafter referred to as

"Secondary Branch Offices of the Foreign Bank" in this Chapter) (hereinafter collectively referred to as the "Branch Offices of a Foreign Bank" in this Chapter) as a single Bank and deeming that Foreign Bank's representative person in Japan as a director of that Branch Office of the Foreign Bank that has been deemed as a single Bank; provided, however, that this shall exclude the application of provisions of Article 4-2, Article 5, Article 6, Article 7-2, paragraph (4), Article 8, Article 13, paragraphs (2) and (4), Article 14, paragraph (2), Chapter II-2, Article 19, paragraph (2), Article 20, paragraph (2), Article 21, paragraph (2), Article 22, Article 23, Article 24, paragraphs (2) and (3) (limited to the part of these provisions that pertains to Subsidiaries, etc.), Article 25, paragraphs (2) and (5) (limited to the part of these provisions that pertains to Subsidiaries, etc.), Article 30, paragraphs (1) and (2), Articles 32 to 33-2 inclusive, Article 36 (limited to the part that pertains to company split), Article 37, paragraph (1), items (ii) and (iii), Article 39, Article 40, Article 41, item (ii) (limited to the part that pertains to company split) and item (iii) of that Article, Article 43, Article 44, Chapter VII-3, Article 53, paragraph (1) (excluding items (i), (v) and (viii)), paragraphs (2), (3) and (5) of that Article, Article 55, paragraphs (2) and (3), Article 56, items (v) to (ix) inclusive, Article 57 and Article 57-2, paragraph (2).

- (3) In the case referred to in the preceding paragraph, with regard to the application of the provisions of Article 10, paragraph (2) (limited to the parts pertaining to item (viii)-2) and the provisions of the following Chapter as well as the provisions of Chapter IX pertaining to these provisions, a principal business office of a Foreign Bank to which the Branch Office of the Foreign Bank belongs and branch offices and other business offices in the relevant foreign state (hereinafter collectively referred to as the "Business Offices in the Home State") shall be deemed as a single Foreign Bank, the intermediation for transactions between the Business Offices in the Home State of a Foreign Bank to which the Branch Office of the Foreign Bank belongs to be conducted by said Branch Office of the Foreign Bank and its customer (limited to intermediation specified by Cabinet Office Ordinance as that equivalent to the agency or intermediation for the business activities of a Foreign Bank) shall be deemed as an intermediation for the business activities of the single Foreign Bank, and the Business Offices in the Home State related to the intermediation for the transaction shall be deemed as a counterparty to the contract for the Branch Office of the Foreign Bank to accept the entrustment of intermediation for the business activities of the single Foreign Bank.
- (4) Special provisions on the license from the Prime Minister set forth in Article 4, paragraph (1) that is granted to a Foreign Bank, any technical replacement of terms in the case of applying the provisions of this Act to a Branch Office of the Foreign Bank and any other necessary matters concerning application of

the provisions of this Act to a Branch Office of the Foreign Bank shall be specified by Cabinet Order.

(Establishment, etc. of Secondary Branch Offices of a Foreign Bank)

Article 47-2 When a Branch Office of the Foreign Bank wishes to establish a Secondary Office, to change the type of Office, or to abolish it, it shall obtain authorization therefor from the Prime Minister pursuant to the provisions of Cabinet Office Ordinance, except the cases specified by the Cabinet Office Ordinance.

(Submission, etc. of Materials by a Branch Office of the Foreign Bank)

Article 48 The Prime Minister may, when he/she finds it necessary for ensuring the sound and appropriate management of the Branch Office of the Foreign Bank, require the Branch Office of the Foreign Bank (including a Bank Agent for which that Branch Office of the Foreign Bank serves as a Principal Bank) to submit reports or materials concerning the status of the business or property of the Foreign Bank to which the Branch Office of the Foreign Bank belongs (including a person who has a special relationship specified by Cabinet Order with that Foreign Bank).

(Notification by Branch Offices of the Foreign Bank)

Article 49 (1) A Branch Office of a Foreign Bank shall, when the Foreign Bank to which that Branch Office of the Foreign Bank belongs falls under any of the following items, notify the Prime Minister to that effect pursuant to the provisions of a Cabinet Office Ordinance:

- (i) When the Foreign Bank has changed the amount of stated capital or contribution;
- (ii) When the Foreign Bank has changed its trade name or the location of its head office;
- (iii) When the Foreign Bank has become a party to a merger, has caused another party to succeed to its business or succeeded to business of any other party through a company split or has transferred or acquired the whole or material part of its or any other party's business (excluding business pertaining only to that Branch Office of the Foreign Bank);
- (iv) When the Foreign Bank has dissolved (excluding dissolution resulting from a merger) or abolished its Banking;
- (v) When the Foreign Bank's license pertaining to Banking (including permission, registration or any other administrative disposition similar to that license) has been rescinded;
- (vi) When a ruling for commencement of bankruptcy proceedings has been given; or

- (vii) When the Foreign Bank falls under any other cases specified by Cabinet Office Ordinance.
- (2) A Branch Office of a Foreign Bank shall, when it falls under any of the following items, notify the Prime Minister to that effect pursuant to the provisions of Cabinet Office Ordinance:
 - (i) When the Branch Office of the Foreign Bank intends to change the location of the Principal Branch Office of the Foreign Bank or a Secondary Branch Office of the Foreign Bank (excluding the cases specified by Cabinet Office Ordinance);
 - (ii) When the Branch Office of the Foreign Bank intends to change a Secondary Branch Office of the Foreign Bank (excluding a business office that is not a branch office; hereinafter the same shall apply in this item) into the Principal Branch Office of the Foreign Bank and change the Principal Branch Office of the Foreign Bank into a Secondary Branch Office of the Foreign Bank; or
 - (iii) When the Branch Office of the Foreign Bank falls under any other case specified by Cabinet Office Ordinance.

(Method of Public Notice by Branch Offices of a Foreign Bank)

Article 49-2 (1) A Branch Office of a Foreign Bank shall specify any of the following methods as its Method of Public Notice:

- (i) Publication in a daily newspaper that publishes matters on current events;
 - or
 - (ii) Electronic Public Notice (meaning Electronic Public Notice prescribed in Article 2, item (xxxiv) (Definitions) of the Companies Act; the same shall apply hereinafter).
- (2) The provisions of Article 940, paragraph (3) (Public Notice Period, etc. of Electronic Public Notice), Article 941 (Electronic Public Notice Investigation), Article 946 (Obligation, etc. of Investigation), Article 947 (Cases Where Investigation of Electronic Public Notice Is Unable to Be Carried Out), Article 951, paragraph (2) (Keeping and Inspection, etc. of Financial Statements, etc.), Article 953 (Order for Improvement) and Article 955 (Statements, etc. in an Investigation Record Books, etc.) of the Companies Act shall apply mutatis mutandis to cases where a Branch Office of the Foreign Bank gives public notice under the provisions of this Act or other Acts (excluding public notice under the provisions of the Companies Act) by way of Electronic Public Notice. In this case, the phrase "preceding two paragraphs" in Article 940, paragraph (3) of that Act shall be deemed to be replaced with "Article 57-2, paragraph (1) of the Banking Act as applied by deeming the Branch Office of the Foreign Bank as a single Bank pursuant to the provisions of Article 47, paragraph (2) of that Act" and any other necessary technical replacement of terms shall be

specified by Cabinet Order.

(Lapse of License for Foreign Bank)

Article 50 When a Branch Office of the Foreign Bank has given a notification under Article 49, paragraph (1) due to falling under any of the categories set forth in Article 49, paragraph (1), items (iii) to (vi) inclusive (with regard to a notification pertaining to item (iii) of that paragraph, it shall be limited to a notification pertaining to a merger resulting in extinction of the Foreign Bank to which said Branch Office of the Foreign Bank belongs, a company split resulting in succession of all of the business pertaining to said Branch Office of the Foreign Bank, or transfer of all of the business, and with regard to a notification pertaining to item (iv) of that paragraph, it shall exclude a notification pertaining to partial abolition of Banking), the license from the Prime Minister set forth in Article 4, paragraph (1) for the Foreign Bank to which to the Branch Office of the Foreign Bank that has given that notification belongs shall lose its effect.

(Liquidation of the Branch Office of a Foreign Bank)

Article 51 (1) A Branch Office of a Foreign Bank shall, when it falls under any of the following items, liquidate all of its property in Japan:

- (i) When the license from the Prime Minister set forth in Article 4, paragraph (1) for the Foreign Bank to which said Branch Office of the Foreign Bank belongs has been rescinded pursuant to the provisions of Article 27 or Article 28; or
 - (ii) When the license from the Prime Minister set forth in Article 4, paragraph (1) for the Foreign Bank to which that Branch Office of the Foreign Bank belongs has lost its effect pursuant to the provisions of Article 41, item (i) or the preceding Article.
- (2) When a Branch Office of the Foreign Bank carries out liquidation pursuant to the provisions of the preceding paragraph, the court shall appoint a liquidator in response to a request by the interested parties or the Prime Minister or ex-officio. The same shall apply to dismissal of said liquidator.
- (3) The provisions of Article 476 (Capacity of Liquidating Stock Companies), Part II, Chapter IX, Section 1, Subsection 2 (Structures for Liquidating Stock Companies), Article 492 (Preparation of Inventory of Property) and Subsection 4 of that Section (Performance of Obligations) and Article 508 (Retention of Accounting Materials) of the Companies Act and the provisions of Section 2 of that Chapter (excluding Article 510, Article 511 and Article 514) (Special Liquidations) shall apply mutatis mutandis to liquidation of a Branch Office of the Foreign Bank's property in Japan as prescribed in paragraph (1) except for those that cannot be applied due to their nature.

- (4) The provisions of Article 820 (Resignation of Representative Person in Japan Whose Domiciles are in Japan) of the Companies Act shall not apply to a Foreign Bank that has obtained the license set forth in Article 4, paragraph (1).
- (5) With regard to application of the provisions of Article 822, paragraph (1) (Liquidation of a Foreign Company's Property in Japan) of the Companies Act to a Branch Office of the Foreign Bank, the term "interested persons" in that paragraph shall be deemed to be replaced with "an interested person or the Prime Minister."

(Notification, etc. of Establishment of the Representative Office of a Foreign Bank)

Article 52 (1) When a Foreign Bank (in the case where the Foreign Bank has a Branch Office of the Foreign Bank, that Branch Office of the Foreign Bank; hereinafter the same shall apply in this Article) intends to establish a representative office or any other facility in Japan in order to carry out any of the following business activities (including cases where the Foreign Bank intends to carry out that business at an office or other facility already established for another purpose), it shall notify the Prime Minister in advance about the contents of those business activities, the location of the facility where those business activities will be carried out, and other matters specified by Cabinet Office Ordinance:

- (i) Collection or provision of information concerning Banking Services; or
 - (ii) Any other business activities associated with Banking Services.
- (2) The Prime Minister may, when he/she finds it necessary for public interest, require a Foreign Bank to submit reports or materials concerning the business activities listed in the items of the preceding paragraph to be carried out at the facility set forth in that paragraph.
- (3) When a Foreign Bank has abolished a facility set forth in paragraph (1) which it has established, when it has abolished any of the business activities listed in the items of that paragraph to be carried out at that facility, or when it has changed any other matters it has notified pursuant to the provisions of that paragraph, the Foreign Bank shall notify the Prime Minister to that effect without delay.

Chapter VII-2 Special Provisions Concerning Foreign Bank Agency Services

(Authorization for Foreign Bank Agency Services, etc.)

Article 52-2 (1) When a Bank wishes to provide any of the services listed in Article 10, paragraph (2), item (viii)-2 (except in items (ii) to (iv) inclusive of the following Article, hereinafter referred to as "Foreign Bank Agency

Services"), it shall obtain authorization from the Prime Minister in advance, pursuant to the provisions of Cabinet Office Ordinance, for each Foreign Bank (except in items (ii) to (iv) inclusive of the following Article, hereinafter referred to as a "Principal Foreign Bank") with which said Bank is to conclude a contract to be entrusted with said Foreign Bank Agency Services.

- (2) The provisions of the preceding paragraph shall not apply when a Bank that has its Subsidiary Company or any other Foreign Bank specified by Cabinet Office Ordinance as its Principal Foreign Bank intends to engage in Foreign Bank Agency Services on behalf thereof. In this case, said Bank shall notify the Prime Minister of such intention in advance, pursuant to the provisions of Cabinet Office Ordinance, for each Principal Foreign Bank that is concerned in the relevant Foreign Bank Agency Service.

(Special Provisions on the License of a Foreign Bank)

Article 52-2-2 In the cases listed in the following items, the provisions of Article 4, paragraph (1) and Article 47, paragraph (1) shall not apply to the services specified respectively in those items (limited to those set forth in Article 10, paragraph (1), items (i) and (iii)):

- (i) in cases where a Bank provides Foreign Bank Agency Services after obtaining the authorization set forth in paragraph (1) of the preceding Article or giving a notification under the provisions of paragraph (2) of that Article: Business activities related to the Foreign Bank Agency Services for the Principal Foreign Bank(s) that is concerned in the relevant Foreign Bank Agency Services;
- (ii) in cases where a Long-Term Credit Bank provides Foreign Bank Agency Services (meaning foreign bank agency services defined in Article 6-3, paragraph (1) of the Long-Term Credit Bank Act) after obtaining the authorization set forth in Article 6-3, paragraph (1) (Authorization, etc. for Foreign Bank Agency Services) of that Act or giving a notification under the provisions of paragraph (2) of that Article: Business activities related to Foreign Bank Agency Services for the Principal Foreign Bank (meaning a principal foreign bank as defined in paragraph (1) of that Article) that is concerned in the relevant Foreign Bank Agency Services;
- (iii) in cases where the federation of Shinkin Banks provides Foreign Bank Agency Services (meaning foreign bank agency services as provided in Article 54-2 of the Shinkin Bank Act) after giving the notification under Article 54-2 (Notification for Foreign Bank Agency Service) of that Act: Business activities related to Foreign Bank Agency Services for the Principal Foreign Bank (meaning a principal foreign bank as provided in that Article) that is concerned in the relevant Foreign Bank Agency Services; and
- (iv) in cases where a Norinchukin Bank provides the Foreign Bank Agency

Services (meaning the foreign bank agency services defined in Article 59-4 of the Norinchukin Bank Act) after giving the notification under Article 59-4 (Notification for Foreign Bank Agency Service) of that Act: Business activities related to the Foreign Bank Agency Services for the Principal Foreign Bank (meaning the principal foreign bank defined in that Article) that is concerned in the relevant Foreign Bank Agency Services.

(Special Provisions on the Act Regulating the Receipt of Contributions, Receipt of Deposits, and Interest Rates, etc.)

Article 52-2-3 When a Bank provides Foreign Bank Agency Services after obtaining the authorization set forth in Article 52-2, paragraph (1) or giving the notification under paragraph (2) of that Article, the provisions of Article 2, paragraph (1) of the Act Regulating the Receipt of Contributions, Receipt of Deposits, and Interest Rates, etc. (Act No. 195 of 1954) shall not apply to Deposits (meaning deposits as defined in Article 2, paragraph (2) (Prohibition on Deposits) of that Act) made in the course of trade by the Principal Foreign Bank that is concerned in the relevant Foreign Bank Agency Services, and which are related to said Foreign Bank Agency Services.

(Special Provisions on the Money Lending Business Act)

Article 52-2-4 In cases where a Bank provides Foreign Bank Agency Services after obtaining the authorization set forth in Article 52-2, paragraph (1) or giving a notification under the provisions of paragraph (2) of that Article, the Loans (meaning a loan as defined in Article 2, paragraph (1) (Definitions) of the Money Lending Business Act (Act No. 32 of 1983)) made in the course of trade by the Principal Foreign Bank that is concerned in the relevant Foreign Bank Agency Services, and which are related to said Foreign Bank Agency Services shall be deemed not to fall under the category of money lending business defined in Article 2, paragraph (1) of that Act.

(Mutatis Mutandis Application of the Financial Instruments and Exchange Act Concerning a Foreign Bank's Agent Bank)

Article 52-2-5 The provisions of Chapter III, Section 1, Subsection 5 (excluding Article 34-2, paragraphs (6) to (8) inclusive (Cases Where a Professional Investor Will Be Deemed to Be a Customer Other Than a Professional Investor) and Article 34-3, paragraphs (5) and (6) (Cases Where a Juridical Person Who is a Customer Other than a Professional Investor will be Deemed to be a Professional Investor)) (Professional Investors), Section 2, Subsection 1 of that Chapter (excluding Articles 35 to 36-4 inclusive (Scope of Business Activities of Persons Who Engage in Type I Financial Instruments Services or Investment Management, Scope of Subsidiary Business Activities of Persons Who Only

Engage in Type II Financial Instruments Services or Investment Advisory and Agency Services, Duty of Good Faith to Customers, Posting of Signs, Prohibition of Name Lending, Prohibition of Administration of Corporate Bonds, etc.), Article 37, paragraph (1), item (ii) (Regulation of Advertising, etc.), Article 37-2 (Obligation to Clarify Conditions of Transactions in Advance), Article 37-3, paragraph (1), items (ii) and (vi) and paragraph (3) (Delivery of Documents Prior to Conclusion of Contract), Articles 37-5 to 37-7 inclusive (Delivery of Documents Pertaining to the Receipt of a Security Deposit, Cancellation by Means of a Document, Obligation to Conclude a Contract, etc. with a Designated Dispute Resolution Organization), Article 38, items (i) and (ii) and Article 38-2 (Prohibited Acts), the proviso to Article 39, paragraph (3) and paragraph (5) of that Article (Prohibition on Compensation for Losses, etc.) and Articles 40-2 to 40-5 inclusive (Best Execution Policy, Prohibition of Purchase and Sale, etc. Where Separate Management is not Ensured, Limitation on Sale and Purchase, etc. of Securities for Professional Investors, Obligation of Notification in Relation to Securities for Professional Investors) (General Rules) and Article 45 (excluding items (iii) and (iv)) (Miscellaneous Provisions) of the Financial Instruments and Exchange Act shall apply mutatis mutandis to agency or intermediation for conclusion of Contracts for Specified Deposits, etc. pertaining to the Foreign Bank Agency Services provided by a Foreign Bank's Agent Bank (meaning a Bank which provides the Foreign Bank Agency Services after obtaining the authorization under Article 52-2, paragraph (1) or giving a notification under paragraph (2) of that Article; the same shall apply hereinafter). In this case, the terms "Contract for Financial Instruments Transaction," "Financial Instruments Business," and "soliciting to conclude, or concluding" in these provisions shall be deemed to be replaced with "Contract for a Specified Deposit, etc.," "agency or intermediation for the conclusion of a Contract for a Specified Deposit, etc.," and "soliciting to conclude or providing agency or intermediation for the conclusion" respectively, the term "Acts of Financial Instruments Transactions" in these provisions (excluding Article 34 of that Act) shall be deemed to be replaced with "conclusion of Contracts for Specified Deposits, etc.," the phrases "a contract to conduct Acts of Financial Instruments Transaction (meaning acts listed in the items of Article 2, paragraph (8); the same shall apply hereinafter) with a customer as the other party or on behalf of a customer," "and has never concluded a Contract for Financial Instruments Transaction belonging to those specified by Cabinet Office Ordinance as the same kind as the Contract for Financial Instruments Transaction pertaining to said application (hereinafter referred to as a "Kind of Contract" in this Subsection) with said Professional Investor" and "concluding" in Article 34 of that Act shall be deemed to be replaced with "Contracts for Specified Deposits, etc. prescribed in Article 13-4

of the Banking Act," "and has never provided agency or intermediation for Contracts for Specified Deposits, etc. belonging to those specified by Cabinet Office Ordinance as the same kind as the Contracts for Specified Deposits, etc. pertaining to said application (hereinafter referred to as a "Kind of Contract" in this Subsection) with said Professional Investor" and "providing agency or intermediation for the conclusion of" respectively, the term "conclude" in Article 34-2, paragraph (5), item (ii) and Article 34-3, paragraph (4), item (ii) of the Financial Instruments and Exchange Act shall be deemed to be replaced with "provide agency or intermediation for the conclusion of," the phrase "Subject Contract with" in Article 34-3, paragraph (2), item (iv), sub-item (a) of that Act shall be deemed to be replaced with "a Subject Contract through agency or intermediation by," the phrases "wishes to conclude" and "deliver to the customer a document containing the following matters in advance" in Article 37-3, paragraph (1) of that Act shall be deemed to be replaced with "provides agency or intermediation for the conclusion of" and "in addition to delivering to the customer a document containing the following matters in advance, provide information on the contents of contracts pertaining to the Deposits, etc. and other information that would be helpful for the Depositors, etc., pursuant to the provisions of Cabinet Office Ordinance, in order to contribute to the protection of Depositors, etc. (meaning the Depositors, etc. defined in Article 2, paragraph (5) of the Banking Act; hereinafter the same shall apply in this paragraph)" respectively, the term "a Financial Instruments Specialist, etc." in Article 37-3, paragraph (1), item (i) of the Financial Instruments and Exchange Act shall be deemed to be replaced with "the Principal Foreign Bank (meaning the Principal Foreign Bank defined in Article 52-2, paragraph (1) of the Banking Act) of the Foreign Bank's Agent Bank (meaning the Foreign Bank's Agent Bank defined in Article 52-2-5 of that Act)," the phrase "purchase and sale or other transactions of Securities (excluding purchase and sale on condition of repurchase for which the repurchase price is set in advance and other transactions specified by Cabinet Order) or Derivative Transactions (hereinafter collectively referred to as "Purchase and Sale or Other Transaction of Securities, etc." in this Article)," "Securities or Derivative Transactions (hereinafter collectively referred to as "Securities, etc." in this Article)," "the customer (in cases where a Trust Company, etc. (meaning a trust company or a financial institution that has obtained authorization under Article 1, paragraph (1) of the Act on Engagement in Trust Business by a Financial Institution; the same shall apply hereinafter) conducts purchase and sale of Securities or Derivative Transactions on the account of the person who sets a trust under a trust contract, including such person who sets the trust; hereinafter the same shall apply in this Article)" and "make up" in Article 39, paragraph (1), item (i) of

the Financial Instruments and Exchange Act shall be deemed to be replaced with "conclusion of Contracts for Specified Deposits, etc.," "Contracts for Specified Deposits, etc.," "the customer" and "make up, not through the Contract for Specified Deposit, etc." respectively, the terms "Purchase and Sale or Other Transaction of Securities, etc." and "Securities, etc." in Article 39, paragraph (1), items (ii) and (iii) of that Act shall be deemed to be replaced with "conclusion of Contracts for Specified Deposits, etc." and "Contract for a Specified Deposit, etc." respectively, the phrase "make an addition" in Article 39, paragraph (1), item (ii) of that Act shall be deemed to be replaced with "make an addition, not through the Contract for Specified Deposit, etc.," the phrase "make an addition" in Article 39, paragraph (1), item (iii) of that Act shall be deemed to be replaced with "make an addition, not through the Contract for Specified Deposit, etc.," the term "Purchase and Sale or Other Transaction of Securities, etc." in Article 39, paragraph (2) of that Act shall be deemed to be replaced with "conclusion of Contracts for Specified Deposits, etc.," the phrase "that is specified by Cabinet Office Ordinance as a potential cause of" in Article 39, paragraph (3) of that Act shall be deemed to be replaced with "that may be a potential cause of," the phrases "Articles 37-2 to 37-6 inclusive, Article 40-2, paragraph (4), and Article 43-4" and "concluded" in Article 45, item (ii) of that Act shall be deemed to be replaced with "Article 37-3 (limited to the part pertaining to the delivery of documents under paragraph (1), the provisions of paragraph (1), items (ii) and (vi) and paragraph (3) shall be excluded) and Article 37-4" and "provided agency or intermediation for the conclusion thereof" respectively, and any other necessary technical replacement of terms shall be specified by Cabinet Order.

(Public Inspection of Explanatory Documents, etc. on the Principal Foreign Bank)

Article 52-2-6 (1) A Foreign Bank's Agent Bank shall, pursuant to the provisions of Cabinet Office Ordinance, keep documents that the Principal Foreign Bank and any company established under the laws and regulations of a foreign state as the Holding Company that has the Principal Foreign Bank as its Subsidiary Company (hereinafter referred to as a "Foreign Bank Holding Company" in this paragraph) has prepared for each of its business years, which contain the matters related to the status of business and property of said Principal Foreign Bank or Foreign Bank Holding Company (limited to the Explanatory Documents pertaining to the business year prescribed in Article 21, paragraphs (1) and (2) and Article 52-29, paragraph (1) and documents similar thereto which are written in Japanese or English) at all of the business offices in Japan and other offices where the Foreign Bank's Agent Bank provides Foreign Bank Agency Services on behalf of said Principal Foreign Bank (excluding

unmanned business offices; the same shall apply in the following paragraph), and make them available for public inspection.

- (2) When the documents referred to in the preceding paragraph are prepared in the form of Electromagnetic Records, the Foreign Bank's Agent Bank may take the measures specified by Cabinet Office Ordinance as those for making the information contained in the contents of said documents accessible to many and unspecified persons by Electromagnetic Means at all of the business offices where the Foreign Bank's Agent Bank provides Foreign Bank Agency Services. In this case, the Foreign Bank's Agent Bank shall be deemed to be keeping the documents under the preceding paragraph and making them available for public inspection, pursuant to the provisions of that paragraph.

(Measures for Ensuring Sound Foreign Bank Agency Services)

Article 52-2-7 A Foreign Bank's Agent Bank shall, pursuant to the provisions of Cabinet Office Ordinance, explain the matters concerning the status of business or property of its Principal Foreign Bank and take any other measures for ensuring the sound and appropriate management of the Foreign Bank Agency Services provided by said Foreign Bank's Agent Bank.

(Submission of Materials Related to the Principal Foreign Bank, etc.)

Article 52-2-8 The Prime Minister may, when he/she finds it necessary for ensuring sound and appropriate management of the Foreign Bank Agency Services, require the Foreign Bank's Agent Bank to make reports or to submit materials with regard to the status of business or property of the Principal Foreign Bank thereof (including said Principal Foreign Bank and persons who have a special relationship as specified by Cabinet Order).

(Notification, etc. Concerning a Principal Foreign Bank)

Article 52-2-9 (1) A Foreign Bank's Agent Bank shall, when a Principal Foreign Bank (excluding Principal Foreign Bank (limited to a Foreign Bank to which the Branch Office of the Foreign Bank belongs) related to the Foreign Bank Agency Services provided thereby (limited to a Branch Office of the Foreign Bank)) falls under any of the following items, notify the Prime Minister to that effect, pursuant to the provisions of Cabinet Office Ordinance:

- (i) When the Principal Foreign Bank has changed the amount of the stated capital or contribution;
- (ii) When the Principal Foreign Bank has changed the trade name or location of the head office;
- (iii) When the Principal Foreign Bank has become a party to a merger, has caused another party to succeed to its business or succeeded to business of any other party through a company split, or has transferred or acquired the

- whole or material part of its or any other party's business (excluding business pertaining only to that Branch Office of the Foreign Bank);
- (iv) When the Principal Foreign Bank has dissolved (excluding dissolution resulting from a merger) or abolished its Banking;
 - (v) When the Principal Foreign Bank's license for Banking (including permission, registration or any other administrative disposition similar to that license) has been rescinded;
 - (vi) When a ruling for commencement of bankruptcy proceedings has been given; or
 - (vii) When the Principal Foreign Bank falls under any other cases specified by Cabinet Office Ordinance.
- (2) When a Foreign Bank's Agent Bank has made the notification under the preceding paragraph (limited to the parts pertaining to items (ii) to (vi) inclusive) it shall give a public notice to that effect and post a notice to that effect in a place easily seen by the public at all of the business offices or offices of the Foreign Bank's Agent Bank where it provides the Foreign Bank Agency Services pertaining to the Principal Foreign Bank subject to said notification for a period of not less than one month, pursuant to the provisions of Cabinet Office Ordinance.

(Mutatis Mutandis Application)

Article 52-2-10 The provisions of Article 52-40, Article 52-41, Articles 52-43 to 52-45 (excluding item (iv)) inclusive, Article 52-49 and Article 52-50, paragraph (1) shall apply mutatis mutandis to a Foreign Bank's Agent Bank for those related to a Bank Agent, to a Principal Foreign Bank for those related to a Principal Bank, and to a Foreign Bank Agency Services for those related to Bank Agency Service. In this case the phrase "business of the Principal Bank" in Article 52-45, item (v) shall be deemed to be replaced with "Foreign Bank Agency Services" and any other necessary technical replacement of terms shall be specified by Cabinet Order.

Chapter VII-3 Shareholders

Section 1 General Rules

(Submission of a Written Notice Pertaining Voting Rights Held in a Bank, etc.)

Article 52-2-11 (1) A person who holds voting rights that exceed five hundredths of the voting rights of all of a single Bank's shareholders or voting rights that exceed five hundredths of the voting rights of all of a single Bank Holding Company's shareholders (such person shall exclude the State, local public entity, or any juridical person specified by Cabinet Order as one equivalent thereto (collectively referred to as the "State, etc." in Article 52-9); hereinafter

referred to as a "Major Holder of Voting Rights in a Bank" in this Chapter and Chapter IX) shall, pursuant to the provisions of Cabinet Office Ordinance, submit a written notice containing the following matters (hereinafter referred to as a "Written Notice of Voting Rights Held in a Bank" in this Chapter) to the Prime Minister within five days (Sundays and other holidays specified by Cabinet Order shall not be included in the number of days; the same shall apply in paragraph (1) of the following Article) from the day on which he/she became a Major Holder of Voting Rights in the Bank (within the number of days specified by Cabinet Office Ordinance in the case where the number of voting rights held has not increased or in any other case specified by the Cabinet Office Ordinance):

- (i) Matters concerning the Proportion of Voting Rights Held (meaning the proportion obtained by dividing the number of voting rights in the Bank or Bank Holding Company held by the Major Holder of Voting Rights in the Bank, where that Major Holder of Voting Rights in the Bank holds shares amounting to more than five hundredths of the voting rights of all shareholders, by the number of voting rights of all of that Bank's or Bank Holding Company's shareholders; hereinafter the same shall apply in this Chapter), matters concerning funds for the acquisition, the purpose of holding the voting rights, and any other matters specified by Cabinet Office Ordinance as important matters concerning voting rights held in a Bank or Bank Holding Company;
 - (ii) The trade name or name and address;
 - (iii) In the case of a juridical person, the amount of its stated capital (including the total amount of contribution) and the name of its representative person; and
 - (iv) In the case where the person engages in business, the name and location of the business office and the type of the business.
- (2) The provisions of Article 2, paragraph (11) shall apply mutatis mutandis to the voting rights held by the Major Holder of Voting Rights in the Bank in the case referred to in the preceding paragraph.

(Submission of a Change Report Concerning the Written Notice of Voting Rights Held in a Bank)

Article 52-3 (1) A Major Holder of Voting Rights in a Bank shall, in the case where any matters listed in the items of paragraph (1) of the preceding Article have been changed (in the case of a change in the Proportion of Voting Rights Held, it shall be limited to a case where the proportion has increased or decreased by one hundredth or more) after the day on which he/she became a holder of voting rights exceeding five hundredths of the voting rights of all of a single Bank's shareholders or voting rights that exceed five hundredths of the

voting rights of all of a single Bank Holding Company's shareholders, he/she shall, pursuant to the provisions of Cabinet Office Ordinance, submit a report pertaining to that change (hereinafter referred to as a "Change Report" in this Article and the following Article) to the Prime Minister within five days from that day (within the number of days specified by Cabinet Office Ordinance in the case where the number of voting rights held has not increased or in any other case specified by Cabinet Office Ordinance); provided, however, that this shall not apply to the case where a Change Report has already been submitted based on a decrease in the Proportion of Voting Rights Held by one hundredth or more and the Proportion of Voting Rights Held stated in that Change Report is five hundredths or less, or to any other case specified by Cabinet Office Ordinance.

- (2) A person submitting a Change Report based on a decrease in the Proportion of Voting Rights Held shall, in a case that satisfies the requirements specified by Cabinet Order as the case where a large number of voting rights have been transferred within a short period, also state matters concerning the party to whom the voting rights were transferred and the consideration received in that Change Report, pursuant to the provisions of Cabinet Office Ordinance.
- (3) When circumstances that would compel a person to submit a new Change Report have arisen by the day preceding the day of submission of a Written Notice of Voting Rights Held in a Bank or a Change Report (hereinafter collectively referred to as the "Required Documents" in this Section), the new Change Report shall be submitted to the Prime Minister at the same time as the submission of the Required Documents that have yet to be submitted, notwithstanding the provisions of the main clause of paragraph (1).
- (4) A person who has submitted Required Documents shall, when he/she finds that the contents stated in those Required Documents differ from the actual fact or that the statement of the matters to be stated or facts is insufficient or lacking in order to avoid misunderstanding, submit a amendment report to the Prime Minister.
- (5) The provisions of Article 2, paragraph (11) shall apply mutatis mutandis to the voting rights held by a Major Holder of Voting Rights in the Bank in the cases referred to in paragraphs (1) and (2).

(Special Provisions on Written Notice of Voting Rights Held in a Bank)

Article 52-4 (1) Notwithstanding the provisions of Article 52-2-11, paragraph (1), among Banks, Financial Instruments Specialists (limited to those that engage in Securities Services), trust companies (limited to those that have obtained a license set forth in Article 3 or Article 53, paragraph (1) of the Trust Business Act) and any other persons specified by Cabinet Office Ordinance, where those who have notified the Prime Minister of a Reference Date hold voting rights for

a purpose other than to control the business activities of the Bank or Bank Holding Company that has issued the shares related to said voting rights (excluding the case where the Proportion of Voting Rights Held has exceeded the number specified by Cabinet Office Ordinance and any case specified by a Cabinet Office Ordinance by taking into consideration the manner in which they are held and other circumstances; hereinafter referred to as "Voting Rights Subject to Special Provisions" in this Article), their Written Notices of Voting Rights Held in the Bank shall be submitted to the Prime Minister stating matters that relate to the holding status of those voting rights as of the Reference Date on which the Proportion of Voting Rights Held exceeded five hundredths for the first time and that are specified by Cabinet Office Ordinance, by the 15th day of the month following the month containing said Reference Date, pursuant to the provisions of Cabinet Office Ordinance.

(2) A Change Report pertaining to Voting Rights Subject to Special Provisions (excluding one pertaining to a change where that voting rights become those that are not Voting Rights Subject to Special Provisions) shall be submitted to the Prime Minister by the days respectively prescribed in the following items for the categories of cases listed in those items, pursuant to the provisions of Cabinet Office Ordinance:

(i) A case where the Proportion of Voting Rights Held on a Reference Date that comes after the Reference Date pertaining to the Written Notice of Voting Rights Held in the Bank set forth in the preceding paragraph increased or decreased by one hundredth or more from the Proportion of Voting Rights Held that was stated in that Written Notice of Voting Rights Held in the Bank or any other case where there was an important change to matters specified by Cabinet Office Order prescribed in that paragraph: The 15th day of the month following the month containing said later Reference Date;

(ii) A case where the circumstances came to satisfy the requirements specified by Cabinet Office Ordinance for a case in which the Proportion of Voting Rights Held considerably increased or decreased by the last day of any month after the month containing the Reference Date pertaining to the Written Notice of Voting Rights Held in the Bank: The 15th day of the month following the month containing said last day;

(iii) A case where the Proportion of Voting Rights Held on a Reference Date that comes after the Reference Date pertaining to the Change Report increased or decreased by one hundredth or more from the Proportion of Voting Rights Held that was stated in that Change Report or any other case where there was an important change to matters specified by Cabinet Office Ordinance prescribed in the preceding paragraph: The 15th day of the month following the month containing that later Reference Date; and

(iv) A case specified by Cabinet Office Ordinance as a case equivalent to any of

- the preceding three items: The day specified by Cabinet Office Ordinance.
- (3) The Reference Date set forth in the preceding two paragraphs means the last day of the month in which a person specified by Cabinet Office Ordinance prescribed in paragraph (1) notified the Prime Minister pursuant to the provisions of the Cabinet Office Ordinance and that of every three months thereafter.
- (4) The provisions of Article 2, paragraph (11) shall apply mutatis mutandis to the Voting Rights Subject to Special Provisions held by a Major Holder of Voting Rights in the Bank in cases referred to in paragraphs (1) and (2).

(Order to Submit Amendment Report)

Article 52-5 In the case where Required Documents have been submitted pursuant to the provisions of Article 52-2-11, paragraph (1), Article 52-3, paragraph (1) or (3) or paragraph (1) or (2) of the preceding Article, the Prime Minister may, when he/she finds that there is a deficiency in form in those Required Documents or that the statement of the important matters states insufficiently matters that should be stated in those Required Documents, order the person who has submitted those Required Documents to submit a amendment report. In this case, a hearing shall be carried out irrespective of the categories of procedures for hearing statements under Article 13, paragraph (1) (Procedures Prerequisite for Adverse Dispositions) of the Administrative Procedure Act (Act No. 88 of 1993).

Article 52-6 The Prime Minister may, when he/she has discovered that the Required Documents include a false statement on important matters, lack a statement on any important matters among those that should be stated, or lack any facts necessary for avoiding a misunderstanding, order the person who has submitted those Required Documents, at any time, to submit an amendment report. In this case, a hearing shall be carried out irrespective of the categories of procedures for hearing statements under Article 13, paragraph (1) (Procedures Prerequisite for Adverse Dispositions) of the Administrative Procedure Act.

(Submission of Reports or Materials by a Major Holder of Voting Rights in a Bank)

Article 52-7 The Prime Minister may, when he/she finds a possibility that the Required Documents include a false statement with regard to an important matter, lack a statement on any important matter among those that should be stated, or lack any facts necessary for avoiding a misunderstanding, require the Major Holder of Voting Rights in a Bank who has submitted those Required Documents to submit reports or materials that would be helpful concerning the

matters that should be stated in those Required Documents or facts necessary for avoiding misunderstanding.

(On-Site Inspection of a Major Holder of Voting Rights in a Bank)

Article 52-8 (1) The Prime Minister may, when he/she finds a possibility that the Required Documents include a false statement on important matters, lack a statement on any important matters among those that should be stated, or lack any facts necessary for avoiding a misunderstanding, have his/her officials enter an office or any other facility of the Major Holder of Voting Rights in the Bank who has submitted those Required Documents, ask questions concerning the matters that should be stated in those Required Documents or facts necessary for avoiding misunderstanding, or inspect books and documents or other articles of that Major Holder of Voting Rights in the Bank.

(2) In the case referred to in the preceding paragraph, the relevant officials shall carry a certificate for identification and produce it to those concerned when requested.

(3) The authority under paragraph (1) shall not be construed as that which has been granted for criminal investigation.

Section 2 Special Provisions on a Bank's Major Shareholders

Subsection 1 General Rules

(Authorization, to Be Obtained by a Bank's Major Shareholders, etc.)

Article 52-9 (1) A person who wishes to become a holder of voting rights in a single Bank which amount to the Lowest Threshold for a Major Shareholder or greater, or a person who wishes to establish a company or any other juridical person that is a holder of voting rights in a Bank that are equal to or greater than the Lowest Threshold for a Major Shareholder (excluding the State, etc., a company that wishes to become a Holding Company as prescribed in Article 52-17, paragraph (1), the person prescribed in that paragraph, and a Bank Holding Company that wishes to make a Bank its Subsidiary Company) through any of the following transactions or acts shall obtain authorization from the Prime Minister in advance:

- (i) Acquisition of voting rights in a Bank by a person who wishes to become the holder of such voting rights (excluding acquisition of shares as the result of enforcement of security interest or acquisition of voting rights by any other cause specified by Cabinet Office Ordinance);
- (ii) Acquisition of the license set forth in Article 4, paragraph (1) by a company whose voting rights amounting to the Lowest Threshold for a Major Shareholder or more are held by the person who wishes to become the holder of that voting rights; or

- (iii) Any other transactions or acts specified by Cabinet Order.
- (2) A person who became a holder of voting rights in a Bank which amount to the Lowest Threshold for a Major Shareholder or greater by a means other than the transactions or acts listed in the items of the preceding paragraph (excluding the State, etc., a Bank Holding Company, and a Specified Holding Company prescribed in Article 52-17, paragraph (2); hereinafter referred to as "Specified Major Shareholder" in this Article and Article 65) shall take necessary measures to cease to be a holder of voting rights in the Bank which amount to the Lowest Threshold for a Major Shareholder or greater by the day on which one year has elapsed from the end of the business year of that Bank including the date on which said cause arose (hereinafter referred to as the "Last Day of the Grace Period" in this paragraph and paragraph (4)); provided, however, that this shall not apply to the cases where that Specified Major Shareholder has obtained authorization from the Prime Minister to remain as a Holder of Voting rights in a Bank which amounts to the Lowest Threshold for a Major Shareholder or more even after the Last Day of the Grace Period.
- (3) A Specified Major Shareholder shall, when he/she becomes a person who is no longer a holder of voting rights in a Bank which amounts to the Lowest Threshold for a Major Shareholder or more by a measure required under the preceding paragraph, notify the Prime Minister to that effect without delay. The same shall apply in the case where a Specified Major Shareholder becomes a person who is no longer a holder of voting rights in a Bank which amounts to the Lowest Threshold for a Major Shareholder or more without taking said measure.
- (4) The Prime Minister may order a person who became a holder of voting rights in a Bank which amounts to the Lowest Threshold for a Major Shareholder or more or a company or any other juridical person established as a holder of voting rights in a Bank which amounts to the Lowest Threshold for a Major Shareholder or more through any of the transactions or acts listed in the items of paragraph (1) without obtaining the authorization set forth in that paragraph or a person who remains as a holder of voting rights in a Bank which amounts to the Lowest Threshold for a Major Shareholder or more even after the Last Day of the Grace Period without obtaining the authorization set forth in the proviso to paragraph (2), to take necessary measures to cease being a holder of voting rights in the Bank which amount to the Lowest Threshold for a Major Shareholder or more.

Article 52-10 When an application for the authorization set forth in paragraph (1) of the preceding Article or the proviso to paragraph (2) of the preceding Article is filed, the Prime Minister shall examine whether the following requirements are satisfied:

- (i) In the case where the person who filed an application for that authorization (hereinafter referred to as the "Applicant" in this Article) is a company or any other juridical person or in the case where a company or any other juridical person is to be established under the authorization, the following requirements shall be satisfied:
 - (a) In light of the matters concerning funds for the acquisition, the purpose of holding the voting rights, or any other matters concerning voting rights held in the Bank which amount to the Lowest Threshold for a Major Shareholder or more by that applicant or the company or any other juridical person to be established under the authorization (hereinafter referred to as the "Juridical Person Applicant, etc." in this item), there shall be no risk of impairment of sound and appropriate management of the business of the Bank for which that Juridical Person Applicant, etc. is or will become a holder of the voting rights which amounts to the Lowest Threshold for a Major Shareholder or more;
 - (b) In light of the status of property and income and expenditure of the Juridical Person Applicant, etc. and its Subsidiary Companies (including any company that will become a Subsidiary Company), there shall be no risk of impairment of sound and appropriate management of the business of the Bank for which that Juridical Person Applicant, etc. is or will become a Holder of the Voting Rights which amounts to the Lowest Threshold for a Major Shareholder or more; and
 - (c) In light of such matters as its personnel structure, the Juridical Person Applicant, etc. has sufficient understanding of the public nature of the business of the Bank and has sufficient social credibility.
- (ii) In cases other than those listed in the preceding item, the following requirements shall be satisfied:
 - (a) In light of the matters concerning funds for the acquisition, the purpose of holding the voting rights, or any other matters concerning the Holding of Voting Rights in the Bank which amount to the Lowest Threshold for a Major Shareholder or more by that Applicant, there shall be no risk of impairment of sound and appropriate management of the business of the Bank for which that Applicant is or will become a holder of the voting rights which amounts to the Lowest Threshold for a Major Shareholder or more;
 - (b) In light of the status of property of that Applicant (including the status of income and expenditure in the case where that Applicant is a person engaging in business), there shall be no risk of impairment of sound and appropriate management of the business of the Bank for which that Applicant is or will become a holder of the voting rights which amounts to the Lowest Threshold for a Major Shareholder or more: and

- (c) That Applicant has sufficient understanding of the public nature of the business of the Bank and has sufficient social credibility.

Subsection 2 Supervision

(Submission of Reports or Materials by a Bank's Major Shareholder)

Article 52-11 The Prime Minister may, when and to the extent that he/she finds it particularly necessary for ensuring sound and appropriate management of the business of a Bank, require a Bank's Major Shareholder who is a holder of voting rights in that Bank which amount to the Lowest Threshold for a Major Shareholder or more to submit reports or materials that would be helpful concerning the status of the business or property of that Bank.

(On-Site Inspection of a Bank's Major Shareholders)

Article 52-12 (1) The Prime Minister may, when and to the extent that he/she finds it particularly necessary for ensuring sound and appropriate management of the business of a Bank, have his/her officials enter an office or any other facility of a Bank's Major Shareholder who is a holder of voting rights in that Bank which amounts to the Lowest Threshold for a Major Shareholder or more, ask questions on the status of the business or property of that Bank or that Bank's Major Shareholder, or inspect books and documents or other objects of that Bank's Major Shareholder.

(2) In the case referred to in the preceding paragraph, the relevant officials shall carry a certificate for identification and produce it to those concerned when requested.

(3) The authority under paragraph (1) shall not be construed as that which has been granted for criminal investigation.

(Order for Action Issued to a Bank's Major Shareholder)

Article 52-13 The Prime Minister may, when a Bank's Major Shareholder no longer satisfies the requirements listed in the items of Article 52-10 (in the case where conditions are imposed on the authorization set forth in Article 52-9, paragraph (1) or the proviso to Article 52-9, paragraph (2) pertaining to that Bank's Major Shareholder, based on the provisions of Article 54, paragraph (1), such criteria shall include that conditions), order that Bank's Major Shareholder to take necessary measures for satisfying that requirements by designating the time limit for taking the measures.

(Demand, etc. for a Bank's Major Shareholder to Submit an Improvement Plan)

Article 52-14 (1) The Prime Minister may, when and to the extent that he/she finds it particularly necessary for ensuring sound and appropriate

management of the business activities of a Bank in light of the status of business or property (in the case that the Bank's Major Shareholder is a company or any other juridical person, this shall include the status of property of Subsidiary Companies of the Bank's Major Shareholder or any other companies with a special relationship thereto as specified by Cabinet Office Ordinance) of the Bank's Major Shareholder (limited to a person who holds more than fifty hundredths of the voting rights of all of the Bank's shareholders; hereinafter the same shall apply in this Article), demand that the Bank's Major Shareholder to submit an improvement plan for securing soundness in management of the Bank or order the amendment of a submitted improvement plan by designating matters for which measures should be taken and the time limit therefor, or may order, within the limits necessary, measures necessary for the purpose of supervision.

- (2) Where the Prime Minister has given the Bank's Major Shareholder an order under the preceding paragraph, if he/she finds it necessary in light of the state of implementation of the measures under that order, he/she may order the Bank for which the Bank's Major Shareholder holds more than fifty hundredths of the voting rights of all shareholders to take measures necessary for ensuring sound and appropriate management of the business of the Bank.

(Rescission, etc. of Authorization Granted to a Bank's Major Shareholders)

Article 52-15 (1) The Prime Minister may, when a Bank's Major Shareholder has violated any laws and regulations or a disposition given by the Prime Minister based on any laws and regulations or has committed an act that harms the public interest, order that Bank's Major Shareholder to take necessary measures for the purpose of supervision, or rescind the authorization set forth in Article 52-9, paragraph (1) or in the proviso to Article 52-9, paragraph (2) for that Bank's Major Shareholder. In this case, the authorization set forth in paragraph (1) of that Article that pertains to establishment shall be deemed to be granted to the Bank's Major Shareholder which is the company or any other juridical person that has been established under the authorization.

- (2) A Bank's Major Shareholder shall, when authorization set forth in Article 52-9, paragraph (1) or in the proviso to Article 52-9, paragraph (2) has been rescinded pursuant to the provisions of the preceding paragraph, take necessary measures to cease being a holder of voting rights in the Bank which amount to the Lowest Threshold for a Major Shareholder or more within a period designated by the Prime Minister.

Subsection 3 Miscellaneous Provisions

(Application of the Act to a Foreign Bank's Major Shareholders)

Article 52-16 Any special provisions and technical replacement of terms for applying this Act to a holder of voting rights in a Bank which amounts to the Lowest Threshold for a Major Shareholder or more that is a foreign national or a foreign juridical person (hereinafter referred to as a "Foreign Bank's Major Shareholder" in this Article) and any other necessary matters concerning application of the provisions of this Act to Foreign Bank's Major Shareholder shall be specified by Cabinet Order.

Section 3 Special Provisions on Bank Holding Companies

Subsection 1 General Rules

(Authorization to Be Obtained by Bank Holding Company, etc.)

Article 52-17 (1) A company which wishes to become a Holding Company which has a Bank as its Subsidiary Company, or a person who wishes to establish such a Holding Company, through any of the following transactions or acts, shall obtain authorization from the Prime Minister in advance:

- (i) Acquisition of voting rights in the Bank by the company or its Subsidiary Companies (excluding acquisition of shares by enforcement of security interest or acquisition of voting rights by any other cause specified by Cabinet Office Ordinance);
 - (ii) Acquisition of the license set forth in Article 4, paragraph (1) by the Subsidiary Company of the company; or
 - (iii) Any other transactions or acts specified by Cabinet Order.
- (2) When a company becomes a Holding Company which has a Bank as its Subsidiary Company by a cause other than the transactions or acts listed in the items of the preceding paragraph (hereinafter such a company is referred to as "Specified Holding Company"), it shall notify the Prime Minister of the fact that it has become a Holding Company which has a Bank as its Subsidiary Company and of other matters specified by Cabinet Office Ordinance within three months after the end of the relevant business year including the day on which said cause arose.
- (3) A Specified Holding Company shall take necessary measures for ceasing to be a Holding Company which has a Bank as its Subsidiary Company by the day on which one year has elapsed from the end of the business year including the day on which the cause referred to in the preceding paragraph arose (hereinafter referred to as the "Last Day of the Grace Period" in this paragraph and paragraph (5)); provided, however, that this shall not apply to the cases where said Specified Holding Company has obtained authorization from the Prime Minister to remain as a Holding Company which has a Bank as its Subsidiary Company even after the Last Day of the Grace Period.
- (4) A Specified Holding Company shall, when it ceases to be a Holding Company

which has a Bank as its Subsidiary Company by the measures required under the preceding paragraph, notify the Prime Minister to that effect without delay. The same shall apply in the case where a Specified Holding Company ceases to be a Holding Company which has a Bank as its Subsidiary Company not as a result of such measures.

- (5) The Prime Minister may order a company which became a Holding Company which has a Bank as its Subsidiary Company, or a person who established such a Holding Company, through any of the transactions or acts listed in the items of paragraph (1) without obtaining the authorization set forth in that paragraph, or a company which remains as a Holding Company which has a Bank as its Subsidiary Company even after the Last Day of the Grace Period without obtaining the authorization set forth in the proviso to paragraph (3), to take necessary measures for ceasing to be a Holding Company which has a Bank as its Subsidiary Company.

Article 52-18 (1) When an application for the authorization set forth in paragraph (1) or in the proviso to paragraph (3) of the preceding Article is filed, the Prime Minister shall examine whether the following requirements are satisfied:

- (i) The company which files an application for the authorization or which is to be established under the authorization (hereinafter referred to as the "Applicant, etc." in this Article) and its Subsidiary Companies (including companies scheduled to become its Subsidiary Companies; the same shall apply in the following item) must have good prospects for the balancing of income and expenditure;
 - (ii) The adequacy of equity capital of the Applicant, etc. and its Subsidiary Companies must be appropriate in light of the circumstances such as the assets, etc. owned by them; and
 - (iii) In light of such matters as its personnel structure, the Applicant, etc. shall have the knowledge and experience that will enable the Applicant, etc. to carry out the business management of a Subsidiary Company or a Bank that is to become its Subsidiary Company appropriately and fairly and must have sufficient social credibility.
- (2) A Bank Holding Company (excluding one established under the laws and regulations of a foreign state) shall be a stock company and shall have the following organs:
- (i) Board of directors;
 - (ii) Board of company auditors or committees; and
 - (iii) Accounting auditor(s).

(Restriction on the Concurrent Holding of Positions by Directors of Bank

Holding Companies, etc.)

- Article 52-19 (1) A director (or executive officer, in the case of a Bank which is a company with committees) who is engaged in the day-to-day business of a Bank Holding Company shall not engage in the day-to-day business of any other company, except when he/she has obtained the Prime Minister's authorization.
- (2) Where an application for authorization referred to in the preceding paragraph is filed, the Prime Minister shall grant the authorization unless it is found that there is a risk of sound and appropriate management of the Bank which is a Subsidiary Company of the Bank Holding Company to be impaired by matters pertaining to the application.
- (3) A person who has become subject to the ruling for commencement of bankruptcy proceedings and has not had restored his/her rights or a person who is treated the same as such a person under the laws and regulations of a foreign state may not be appointed as a director, executive officer or auditor of a Bank Holding Company.
- (4) The provisions of the proviso of Article 331, paragraph (2) (Qualifications of Directors) (including the cases where it is applied mutatis mutandis pursuant to Article 335, paragraph (1) (Qualifications of Company Auditors) of the Companies Act), Article 332, paragraph (2) (Directors' Terms of Office) (including the cases where it is applied mutatis mutandis pursuant to Article 334, paragraph (1) (Accounting Advisors' Terms of Office) of that Act), Article 336, paragraph (2) (Company Auditors' Terms of Office) and the proviso to Article 402, paragraph (5) (Election of Executive Officers) of the Companies Act shall not apply to a Bank Holding Company.
- (5) A Bank Holding Company may not become a member with unlimited liability, or member who executes the business, of a membership company.

(Mutatis Mutandis Application of Provisions Concerning Bank's Major Shareholder)

Article 52-20 The provisions of Article 52-16 shall apply mutatis mutandis to a Holding Company which was established under the laws and regulations of a foreign state and has a Bank as its Subsidiary Company.

Subsection 2 Business Activities and Subsidiary Companies, etc.

(Scope of Business of a Bank Holding Company)

Article 52-21 (1) A Bank Holding Company may not conduct any business activity other than management and control of the Bank which is the Subsidiary Company thereof, companies listed in the items of Article 52-23, paragraph (1) and Companies Eligible to be Special Subsidiary Companies referred to in Article 52-23-2, paragraph (1) and those incidental thereto.

(2) A Bank Holding Company shall endeavor to ensure sound and appropriate management of business of the Bank which is the Subsidiary Company thereof.

(Establishment of a System for the Protection of the Customer's Interests)

Article 52-21-2 (1) When a Bank which is the Subsidiary Company of a Bank Holding Company, the Bank Agent for which said Bank which is the Subsidiary Company of said Bank Holding Company serves as a Principal Bank, or the Parent Financial Institution, etc. or Subsidiary Financial Institution, etc. of said Bank Holding Company conducts any transaction, the Bank Holding Company shall, pursuant to the provisions of Cabinet Office Ordinance, properly manage the information on business conducted by said Bank which is the Subsidiary Company of said Bank Holding Company, said Bank Agent for which said Bank which is the Subsidiary Company of said Bank Holding Company serves as a Principal Bank, or a Subsidiary Financial Institution, etc. of said Bank (limited to Banking, Bank Agency Services and any other business specified by Cabinet Office Ordinance) and establish a system for properly supervising the status of implementation of said business or taking any other measures necessary so that the interests of the customer of said business will not be unjustly impaired.

(2) The term "Parent Financial Institution, etc." as used in the preceding paragraph means a person who holds the majority of voting rights of all of a Bank Holding Company's shareholders and any other person specified by Cabinet Order as one with a close relationship to said Bank Holding Company, which is a Bank, Financial Instruments Specialist, Insurance Company, or any other person engaged in financial services specified by Cabinet Order.

(3) The term "Subsidiary Financial Institution, etc." as used in paragraph (1) means a person whose majority of Voting Rights Held by All of the Shareholders, etc. are held by a Bank Holding Company and any other person specified by Cabinet Order as one with a close relationship to said Bank Holding Company, which is a Bank (excluding a Bank which is a Subsidiary Company of said Bank Holding Company), Financial Instruments Specialist, Insurance Company, or any other person engaged in financial services specified by Cabinet Order.

(Credit Extended, etc. to a Single Person Who Is Related to Bank Holding Company)

Article 52-22 (1) The total amount of Credit Extended, etc. (meaning credit extended or contributions as specified by Cabinet Order; hereinafter the same shall apply in this Article) by a Bank Holding Company or its Subsidiary Companies, etc. (meaning Subsidiary Companies of the Bank Holding Company (excluding those specified by Cabinet Office Ordinance) and other persons with

a special relationship thereto as specified by Cabinet Order; hereinafter the same shall apply in this Article) to a single person (including other persons with a special relationship thereto as specified by Cabinet Order; hereinafter the same shall apply in this Article) shall not exceed the amount calculated by multiplying the total net amount of the equity capital of the Bank Holding Company and its Subsidiary Companies by the ratio specified by Cabinet Order for each category provided therein (hereinafter the amount thus calculated shall be referred to as the "Limit on Extensions of Credit, etc. by a Bank Holding Company" in this Article); provided, however, that this shall not apply to the cases where the total amount of Credit Extended, etc. by a Bank Holding Company and its Subsidiary Companies to one person exceeds the Limit on Extensions of Credit, etc. by a Bank Holding Company as a result of a merger, Joint Incorporation-Type Split or absorption-type split involving said person, a transfer of another person's business to said person, or any other unavoidable reason as specified by Cabinet Order, and where the Prime Minister has given approval for such excess amount of Credit Extended, etc. by a Bank Holding Company.

(2) The provisions of the preceding paragraph shall not apply to the granting of credit to the State or a local public entity, granting of credit for which redemption of the principal and payment of interest are guaranteed by the government, or any other Credit Extended, etc. specified by Cabinet Order as granting of credit equivalent thereto.

(3) In the case referred to in paragraph (1), if the total amount of Credit Extended, etc. to a single person by the Bank Holding Company and its Subsidiary Companies, etc. exceeds the Limit on Extensions of Credit, etc. by a Bank Holding Company, the excess amount of the Credit Extended, etc. shall be deemed to be Credit Extended, etc. by the Bank Holding Company.

(4) In addition to what is provided for in the preceding three paragraphs, the calculation method for the amount of Credit Extended, etc. the total net amount of the equity capital referred to in paragraph (1) and the Limit on Extensions of Credit, etc. by the Bank Holding Company, and any other necessary matters concerning the application of these provisions shall be specified by Cabinet Office Ordinance.

(Scope of a Bank Holding Company's Subsidiary Companies, etc.)

Article 52-23 (1) A Bank Holding Company shall not have any Subsidiary Company other than Banks and companies which falls under any of the categories specified in the following items (hereinafter, such companies shall be referred to as a "Company Eligible to Be Subsidiary Companies" in this Article and paragraph (2) of the following Article):

(i) Long-Term Credit Banks;

- (i)-2 Companies Specialized in Fund Transfer;
- (ii) Specialized Securities Intermediation Companies;
- (iii) Companies Specialized in Securities Intermediation;
- (iv) Insurance Companies;
- (iv)-2 Low-Cost, Short-Term Insurance Providers;
- (v) Companies Specialized in Trust Business;
- (vi) Foreign companies which engage in Banking;
- (vii) Foreign companies which engage in Securities Services (excluding those that fall under the category of companies specified in the preceding item);
- (viii) Foreign companies which engage in Insurance Services (excluding those that fall under the category of companies specified in item (vi));
- (ix) Foreign companies which engage in Trust Business (excluding those that fall under the category of companies specified in item (vi));
- (x) Companies which exclusively engage in the following business activities (in the case of companies that engage in the business activities specified in sub-item (a) below, limited to those engaging in such business activities mainly for the purpose of business activities conducted by the Bank Holding Company, its Subsidiary Companies (limited to Banks and companies that fall under any of the categories in items (i), (i)-2 and (vi); the same shall apply in paragraph (6)) or other entities specified by Cabinet Office Ordinance as being similar thereto);
 - (a) Business specified by Cabinet Office Ordinance as those being dependent on business of a Bank or a company falling under any of the categories specified in the preceding items (hereinafter referred to as "Dependent Business" in this Article); or
 - (b) Financial Services defined in Article 16-2, paragraph (2), item (ii) (excluding Specialized Securities Services defined in Article 16-2, paragraph (2), item (iii) in the cases where the Bank Holding Company has any Specialized Securities Company, Specialized Securities Intermediation Company or foreign company which engages in Securities Services as its Subsidiary Company; Specialized Insurance Services defined in Article 16-2, paragraph (2), item (iv) in the cases where the Bank Holding Company has any Insurance Company, Low-Cost, Short-Term Insurance Provider or foreign company which engages in Insurance Services as its Subsidiary Company; and Specialized Trust Services defined in Article 16-2, paragraph (2), item (v) in the cases where the Bank Holding Company has any Trust Bank, company specialized in Trust Business or foreign company which engages in Trust Business as its Subsidiary Company).
- (xi) Companies specified by Cabinet Office Ordinance as those exploring new business fields or conducting new business activities found to contribute considerably to the improvement of management (limited to cases where the

- total voting rights held in the company by the Bank Holding Company and its Subsidiary Companies other than those falling under the categories listed in the preceding item and specified by Cabinet Office Ordinance (such excluded companies shall be referred to as "Specified Subsidiary Companies" in Article 52-24, paragraph (7)) does not exceed the Maximum Threshold for Voting Rights Held prescribed in Article 52-24, paragraph (1));
- (xii) Among Holding Companies whose Subsidiary Companies consist exclusively of Banks or companies falling under any of the categories specified in the preceding items, those specified by Cabinet Office Ordinance (including those which are scheduled to become such a Holding Company).
- (2) The provisions of the preceding paragraph shall not apply to the case where a company other than a Company Eligible to Be a Subsidiary Company became a Subsidiary Company of the Bank Holding Company by acquisition of Shares, etc. of that company by the Bank Holding Company or its Subsidiary Companies by the enforcement of security interest or by any other cause specified by Cabinet Office Ordinance; provided, however, that the Bank Holding Company shall take necessary measures for having the company, which became its Subsidiary Company in a manner as described above, cease to be its Subsidiary Company by the day on which one year has elapsed from the date on which that cause arose.
- (3) A Bank Holding Company shall, when it wishes to have a Company Eligible to be a Subsidiary Company which is a Bank or a company which falls under any of the categories listed in items (i) to (x) inclusive and (xii) of paragraph (1) (excluding companies which exclusively engages in Dependent Business or business specified by Cabinet Office Ordinance as that being incidental or related to Banking (in the case of a company which engages in Dependent Business, limited to that engages in it mainly for business conducted by a Bank which is a Subsidiary Company of the Bank Holding Company)) (hereinafter such a Company Eligible to be a Subsidiary Company shall be referred to as a "Bank, etc. Eligible to be a Subsidiary Company" in this Article and Article 52-24, paragraph (4), item (iv)) become its Subsidiary Company, obtain authorization from the Prime Minister in advance, except when an authorization for merger, company split or acquiring business from other company is to be obtained pursuant to the provisions of Article 52-35, paragraphs (1) to (3) inclusive.
- (4) The provisions of the preceding paragraph shall not apply to the cases where a Bank, etc. Eligible to be a Subsidiary Company became a Subsidiary Company of a Bank Holding Company by acquisition of its Shares, etc. by the Bank Holding Company or its Subsidiary Companies by the enforcement of security interest or by any other cause specified by Cabinet Office Ordinance; provided, however, that the Bank Holding Company shall take necessary

measures for having the Bank, etc. Eligible to be a Subsidiary Company, which became its Subsidiary Company in a manner as described above, cease to be its Subsidiary Company by the day on which one year has elapsed from the date on which that cause arose, except when the Bank Holding Company has obtained an authorization from the Prime Minister for having that Bank, etc. Eligible to be a Subsidiary Company continue to be its Subsidiary Company.

- (5) The provisions of paragraph (3) shall apply mutatis mutandis to the cases where a Bank Holding Company wishes to change its Subsidiary Company falling under any of the categories listed in the items of paragraph (1) into its Subsidiary Company falling under any of the categories listed in the other items of that paragraph (limited to a Bank, etc. Eligible to be a Subsidiary Company).
- (6) In the case referred to in paragraph (1), item (x) or paragraph (3), the Prime Minister shall provide criteria for deciding whether a company shall be regarded as engaging in Dependent Business mainly for business conducted by a Bank Holding Company, its Subsidiary Companies or other entities specified by Cabinet Office Ordinance as being similar to those or conducted by a Bank which is a Subsidiary Company of a Bank Holding Company.

(Special Provisions on the Scope, etc. of a Subsidiary Company of a Bank Holding Company)

Article 52-23-2 (1) Notwithstanding the provisions of paragraph (1) of the preceding Article, a Bank Holding Company may have the following companies (hereinafter referred to as the "Companies Eligible to be Special Subsidiary Companies") as its Subsidiary Company (excluding a Subsidiary Company of the Bank which is a Subsidiary Company of said Bank Holding Company; hereinafter referred to as the "Specified Bank Holding Company Subsidiary"):

- (i) Companies exclusively engaged in Subject Business of a Special Subsidiary Company (excluding the following companies):
- (a) Companies exclusively engaged in business listed in paragraph (1), item (x), sub-item (a) or (b) of the preceding Article (limited to companies engaged in business listed in sub-item (a) of that item (referred to as "Dependent Business" in the following paragraph)) which are those engaging in such business mainly for business conducted by said Bank Holding Company, its Subsidiary Company (limited to a Bank and companies listed in paragraph (1), items (i) and (vi) of that Article) and any other person specified by Cabinet Office Ordinance as those similar thereto; and
- (b) Companies specified in paragraph (1), item (xi) of the preceding Article; and
- (ii) Companies exclusively engaged in business in which the companies

- specified in the items (excluding item (xi)) of paragraph (1) of the preceding Article may engage or Subject Business of a Special Subsidiary Company (excluding companies specified in sub-item (b) of the preceding item).
- (2) The term "Subject Business of a Special Subsidiary Company" as used in the items of the preceding paragraph means business activities other than those in which the Companies Eligible to Be Subsidiary Companies (excluding companies specified in paragraph (1), item (xi) of the preceding Article) may engage (excluding Dependent Business; hereinafter referred to as the "Specified Business Activities" in this paragraph), which is purchase and sale of products prescribed in Article 10, paragraph (2), item (xiv) pertaining to the Financial Derivative Transactions defined in that item and any other business specified by Cabinet Office Ordinance as that equivalent to Specified Business.
- (3) When a Bank Holding Company wishes to have a Company Eligible to be a Special Subsidiary Company as its Specified Bank Holding Company Subsidiary pursuant to the provisions of paragraph (1), it shall obtain authorization from the Prime Minister in advance by specifying the Subject Business of the Special Subsidiary Company (meaning the Subject Business of a Special Subsidiary Company prescribed in the preceding paragraph; hereinafter the same shall apply in this Article and Article 65, item (xvii)) which the Specified Bank Holding Company Subsidiary wishes to engage in.
- (4) When a Bank Holding Company has a Company Eligible to be a Special Subsidiary Company as its Specified Bank Holding Company Subsidiary pursuant to the provisions of paragraph (1), it shall take measures necessary for the Specified Bank Holding Company Subsidiary to satisfy the requirements specified by Cabinet Office Ordinance as those found necessary for ensuring sound and appropriate management of the Bank which is a Subsidiary Company of said Bank Holding Company by taking into consideration the contents of the Subject Business of the Special Subsidiary Company with regard to the Subject Business of the Special Subsidiary Company which said Specified Bank Holding Company Subsidiary engages in.
- (5) The provisions of paragraph (3) shall not apply to cases where a Company Eligible to be a Special Subsidiary Company comes to fall under the category of a Specified Bank Holding Company Subsidiary by the causes specified by Cabinet Office Ordinance as provided in paragraph (4) of the preceding Article; provided, however, that except in cases where said Bank Holding Company has obtained authorization from the Prime Minister for continuously having a Company Eligible to be a Special Subsidiary Company which has become its Specified Bank Holding Company Subsidiary as its Specified Bank Holding Company Subsidiary, said Bank Holding Company shall take the necessary measures for said Company Eligible to be a Special Subsidiary Company to cease to be a Specified Bank Holding Company Subsidiary by the day on which

one year elapses from the date on which that cause arose.

- (6) The provisions of paragraph (3) shall apply mutatis mutandis to the cases where a Bank Holding Company wishes to have the Company Eligible to be a Special Subsidiary Company which serves as its Specified Bank Holding Company Subsidiary as the Specified Bank Holding Company Subsidiary engaged in the Subject Business of a Special Subsidiary Company other than the Subject Business of a Special Subsidiary Company subject to the authorization under that paragraph.
- (7) The provisions of paragraph (4) shall not apply to cases prescribed in the main clause of paragraph (5) (excluding cases where the Bank Holding Company continues to have the Company Eligible to be a Special Subsidiary Company which has become a Specified Bank Holding Company Subsidiary as its Specified Bank Holding Company Subsidiary with the authorization from the Prime Minister pursuant to the proviso to paragraph (5)).

(Restriction on Acquisition, etc. of Voting Rights by Bank Holding Company, etc.)

Article 52-24 (1) A Bank Holding Company or its Subsidiary Company shall not acquire or hold voting rights in a domestic company (excluding a Bank, a company that falls under any of the categories specified in Article 52-23, paragraph (1), items (i) to (v) inclusive, (x) and (xii) and Companies Eligible to be Special Subsidiary Companies; hereinafter the same shall apply in this Article) if the total number of such voting rights held by the Bank Holding Company and its Subsidiary Companies exceeds the Maximum Threshold for Voting Rights Held (meaning fifteen hundredths of the number of Voting Rights Held by All of the Shareholders, etc. of the domestic company; the same shall apply in this Article).

- (2) The provisions of the preceding paragraph shall not apply to the cases where the total number of such voting rights held by a Bank Holding Company and its Subsidiary Companies exceeds the Maximum Threshold for Voting Rights Held of a domestic company, if the Bank Holding Company or its Subsidiary Company comes to acquire or hold voting rights in the domestic company by the enforcement of a security interest or by any other means specified by Cabinet Office Ordinance; provided, however, that the Bank Holding Company or its Subsidiary Company shall not continue to hold such part of the voting rights that it came to acquire or hold in excess of the Maximum Threshold for Voting Rights Held after one year from the day on which it came to acquire or hold the voting rights, except when the Bank has obtain approval for holding such portion of the voting rights from the Prime Minister in advance.
- (3) In the case referred to in the proviso to the preceding paragraph, when the total number of voting rights acquired or held by the Bank Holding Company

and its Subsidiary Companies exceeds fifty hundredths of the Voting Rights Held by All of the Shareholders, etc. of the domestic company, the Prime Minister's approval given under that paragraph shall not cover the part of the voting rights which the Bank or its Subsidiary Company came to acquire or hold in excess of fifty hundredths; and the approval of the Prime Minister shall be given on the condition that the Bank Holding company or its Subsidiary Company will promptly dispose the part of the voting rights which it came to acquire or hold in excess of the Maximum Threshold for Voting Rights Held.

(4) Notwithstanding the provisions of paragraph (1), in the case prescribed in any of the following items, even if the total number of voting rights in a domestic company held or to be held by a Bank Holding Company and its Subsidiary Company on the day specified in those items exceeds the Maximum Threshold for Voting Rights Held, the Bank Holding Company or its Subsidiary Company may hold the voting rights in excess of the Maximum Threshold for Voting Rights Held after that day; provided, however, that the Prime Minister shall not grant an authorization referred to in the respective items, if the total number of the domestic company's voting rights held or to be held by the Bank Holding Company and the Subsidiary Company in the case referred to in those items exceeds fifty hundredths of the Voting Rights Held by All of the Shareholders, etc. of that domestic company:

- (i) In the case where a company that has obtained the authorization set forth in Article 52-17, paragraph (1) becomes the Bank Holding Company: the day when the company becomes the Bank Holding Company;
- (ii) In the case where the Bank Holding Company is established under the authorization set forth in Article 52-17, paragraph (1): The day when the Bank Holding Company is established;
- (iii) In the case where a Specified Holding Company becomes the Bank Holding Company under the authorization set forth in the proviso to Article 52-17, paragraph (3): The day when the authorization is granted;
- (iv) In the case where the Bank Holding Company has a Bank, etc. Eligible to be a Subsidiary Company become its Subsidiary Company under the authorization set forth in Article 52-23, paragraph (3) (limited to the cases specified by Cabinet Office Ordinance): The day when the Bank, etc. Eligible to be a Subsidiary Company becomes the Bank Holding Company's Subsidiary Company;
- (v) In the case where the Bank Holding Company carries out a merger under the authorization set forth in Article 52-35, paragraph (1) (limited to cases where the Bank Holding Company survives after the merger): The day when the merger is carried out;
- (vi) In the case where the Bank Holding Company succeeds to another party's business through absorption-type split under the authorization set forth in

- Article 52-35, paragraph (2) (limited to the cases specified by Cabinet Office Ordinance): The day when the absorption-type split is carried out;
- (vii) In the case where the Bank Holding Company acquires other's business under the authorization set forth in Article 52-35, paragraph (3) (limited to the cases specified by Cabinet Office Ordinance): The day when the acquisition of business is carried out.
- (5) The Prime Minister's authorization set forth in the items of the preceding paragraph shall be given on the condition that, among voting rights in the domestic company which are held or to be held by the Bank Holding Company and its Subsidiary Companies and of which the total number will exceed the Maximum Threshold for Voting Rights Held on the day specified in those items, the part of the voting rights held or to be held in excess of the Maximum Threshold for Voting Rights Held shall be disposed in accordance with requirements set by the Prime Minister and by the day on which five years have elapsed from the day.
- (6) In the case where a Bank Holding Company and its Subsidiary Companies come to hold voting rights in a domestic company in a total number that exceeds the Maximum Threshold for Voting Rights Held, the part of the voting rights held by the Bank Holding Company and its Subsidiary Companies in excess of the Maximum Threshold for Voting Rights Held shall be deemed to be acquired or held by the Bank Holding Company.
- (7) In the cases referred to in the preceding paragraphs, with respect to acquisition or holding of voting rights in a company specified by Cabinet Office Ordinance as that exploring new business fields or conducting new business activities found to contribute considerably to the improvement of management, a Specified Subsidiary Company shall be deemed not to be a Subsidiary Company of the Bank Holding Company.
- (8) The provisions of Article 2, paragraph (11) shall apply mutatis mutandis to voting rights acquired or held by a Bank Holding Company or its Subsidiary Company in the cases referred to in the preceding paragraphs.

(Securing of Soundness in Management of Bank Holding Company's Subsidiary Bank)

Article 52-25 The Prime Minister may, in order to contribute to the sound management of the business of Banks, set the criteria to be used by a Bank Holding Company for deciding whether or not the adequacy of equity capital of the Bank Holding Company and its Subsidiary Companies and any other company that has a special relationship specified by Cabinet Office Ordinance with the Bank Holding Company (hereinafter collectively referred to as "Subsidiary Companies, etc." in this Section) is appropriate in light of the circumstances such as the assets, etc. owned by that Bank Holding Company

and its Subsidiary Companies, etc., and any other criteria that may be used by Bank Holding Companies to determine soundness in their and their Subsidiary Companies' management and would be helpful for determining soundness in management of Banks.

Subsection 3 Accounting

(Business Year of Bank Holding Company)

Article 52-26 The business year of a Bank Holding Company shall be from April 1 to March 31 of the following year.

(Business Report, etc. of Bank Holding Company)

Article 52-27 (1) A Bank Holding Company shall, for each business year, prepare an interim business report pertaining to the Interim Business Year of the business year that contains consolidated statements on the status of business and property of that Bank Holding Company and its Subsidiary Company, etc. and a business report pertaining to the entire business year that contains such consolidated statement, and submit them to the Prime Minister.

(2) The matters to be stated in the interim business report and the business report, the due dates for submission and any other necessary matters regarding these reports shall be specified by Cabinet Office Ordinance.

(Public Notice, etc. of Balance Sheet, etc. of Bank Holding Company)

Article 52-28 (1) A Bank Holding Company shall, for each business year, prepare a balance sheet and profit and loss statement pertaining to the Interim Business Year of the business year that contains consolidated statements on the Bank Holding Company and its Subsidiary Company, etc. (hereinafter referred to as an "Interim Consolidated Balance Sheet, etc." in this Article) and a balance sheet and profit and loss statement pertaining to the entire business year that contains such consolidated statements (hereinafter referred to as a "Consolidated Balance Sheets, etc." in this Article) pursuant to the provisions of Cabinet Office Ordinance.

(2) Interim Consolidated Balance Sheet, etc. and Consolidated Balance Sheet, etc. may be prepared in the form of an Electromagnetic Record.

(3) A Bank Holding Company shall give public notice of its Interim Consolidated Balance Sheet, etc. within three months after the end of the relevant Interim Business Year, and of Consolidated Balance Sheet, etc. within three months after the end of the relevant business year, pursuant to the provisions of Cabinet Office Ordinance; provided, however, that in the case where it is not possible to give public notice of these documents within the three months period due to a compelling reason, public notice thereof may be postponed by

obtaining the Prime Minister's approval.

- (4) Notwithstanding the provisions of the preceding paragraph, it would be sufficient for a Bank Holding Company which adopts the Method of Public Notice listed in Article 57, item (i) to give public notice of only the gist of Interim Consolidated Balance Sheet, etc. and Consolidated Balance Sheet, etc. pursuant to the provisions of Cabinet Office Ordinance. In this case, the proviso to the preceding paragraph shall apply *mutatis mutandis*.
- (5) A Bank Holding Company referred to in the preceding paragraph may, pursuant to the provisions of Cabinet Office Ordinance, take measures to make accessible the information contained in Interim Consolidated Balance Sheet, etc. within three months after the end of the relevant Interim Business Year, and the information contained in Consolidated Balance Sheet, etc. within three months after the end of the relevant business year, to many and unspecified persons continually for five years, by Electromagnetic Means. In this case, the Bank shall be deemed to give public notice pursuant to the provisions of paragraph (3).

(Explanatory Documents on the Status of Business and Property to be Made

Available by Bank Holding Company for Public Inspection, etc.)

Article 52-29 (1) A Bank Holding Company shall, for each business year, prepare explanatory documents that contain consolidated statements on matters specified by a Cabinet Office Ordinance as those related to the status of business and property of the Bank Holding Company and its Subsidiary Companies, etc. for the Interim Business Year of the business year and such consolidated explanatory documents for the entire business year, and keep them at the business offices (excluding unmanned business offices and other offices specified in a Cabinet Office Ordinance; the same shall apply in paragraph (3)) of the Bank which is a Subsidiary Company of said Bank Holding Company and make them available for public inspection. The same shall apply to the documents prepared under the provisions of paragraph (1) of the preceding Article.

- (2) Explanatory documents for the Interim Business Year and those for the entire business year referred to in the first sentence of the preceding paragraph may be prepared in the form of an Electromagnetic Record.
- (3) When the explanatory documents for the Interim Business Year and those for the entire business year referred to in the first sentence of paragraph (1) or documents referred to in the second sentence of that paragraph are prepared in the form of an Electromagnetic Record, the Bank Holding Company may take measures specified by a Cabinet Office Ordinance as those for making the information contained in the Electromagnetic Record accessible to many and unspecified persons by Electromagnetic Means at the business offices of the

Bank which is a Subsidiary Company of the Bank Holding Company. In this case, the Bank Holding Company shall be deemed to be keeping the explanatory documents for the Interim Business Year and those for the entire business year referred to in the first sentence of paragraph (1) or documents referred to in the second sentence of that paragraph and making them available for public inspection, pursuant to the provisions of that paragraph.

- (4) In addition to what is provided for in the provisions of the preceding three paragraphs, matters necessary for applying these provisions, including the periods of time for which explanatory documents for the Interim Business Year of the business year or those for the entire business year referred to in the first sentence of paragraph (1) and documents referred to in the second sentence of that paragraph are required to be made available for public inspection, shall be specified by Cabinet Office Ordinance.
- (5) A Bank Holding Company shall endeavor to disclose matters that would be helpful for depositors or other customers of the Bank which is the Subsidiary Company thereof to know the status of business and property of the Bank Holding Company and its Subsidiary Companies, etc., in addition to what are prescribed in the provisions of the preceding paragraphs.

(Matters to Be Stated in Business Reports, etc. of Bank Holding Company)

Article 52-30 Matters to be stated or recorded in business reports and supplementary schedules thereof which a Bank Holding Company is required to prepare under Article 435, paragraph (2) (Preparation and Retention of Financial Statements, etc.) of the Companies Act shall be specified by Cabinet Office Ordinance.

Subsection 4 Supervision

(Submission of Reports or Materials by Bank Holding Company, etc.)

Article 52-31 (1) The Prime Minister may, when he/she finds it necessary for ensuring sound and appropriate management of business of a Bank, require the Bank Holding Company which has said Bank as its Subsidiary Company to submit reports or materials that would be helpful to understand the status of business or property of that Bank.

- (2) In the case where the Prime Minister requires a Bank to submit reports or materials under the provisions of Article 24, paragraph (1) and requires the Bank Holding Company which has said Bank as its Subsidiary Company to submit reports or materials under the provisions of the preceding paragraph, the Prime Minister may, when and to the extent that he/she finds it particularly necessary, seek a Subsidiary, etc. of that Bank Holding Company (meaning a Subsidiary Company or any other entity that is specified by a

Cabinet Office Ordinance as a juridical person of which management is controlled by that Bank Holding Company, and excluding that Bank; the same shall apply in the following paragraph and paragraphs (2) and (5) of the following Article) or a person to whom business has been entrusted by that Bank Holding Company to submit reports or materials that would be helpful to understand the status of business or property of that Bank or Bank Holding Company.

- (3) A Subsidiary, etc. of a Bank Holding Company or a person to whom business has been entrusted by that Bank Holding Company may refuse to submit reports or materials required under the preceding paragraph if there are justifiable grounds.

(On-Site Inspection of Bank Holding Company)

Article 52-32 (1) The Prime Minister may, when he/she finds it necessary for ensuring sound and appropriate management of business of a Bank, have his/her officials enter a business office or any other facility of the Bank Holding Company which has said Bank as its Subsidiary Company, ask questions on the status of business or property of the Bank or the Bank Holding Company, or inspect relevant books and documents or other objects of the Bank Holding Company.

- (2) In the case where the Prime Minister enters a site of a Bank, asks questions or conducts an inspection under Article 25, paragraph (1) and also enters a site of the Bank Holding Company which has said Bank as its Subsidiary Company, asks questions or conducts an inspection under the preceding paragraph, the Prime Minister may, when and to the extent that he/she finds it particularly necessary, have his/her officials enter a facility of a Subsidiary, etc. of the Bank Holding Company or that of a person to whom business has been entrusted by that Bank Holding Company, have them ask questions on matters that are necessary for questioning or inspecting the Bank or the Bank Holding Company, or have them inspect relevant books and documents or other objects of the Subsidiary, etc. or the person to whom business has been entrusted by that Bank Holding Company.

- (3) In the cases referred to in the preceding two paragraphs, the relevant officials shall carry a certificate for identification and produce it to those concerned when requested.

- (4) The authority under paragraphs (1) and (2) shall not be construed as that which has been granted for criminal investigation.

- (5) The provisions of paragraph (3) of the preceding Article shall apply mutatis mutandis to the questioning and inspection of a Subsidiary, etc. of the Bank Holding Company or a person to whom business has been entrusted by that Bank Holding Company under the provisions of paragraph (2).

(Request, etc. for Submission of Improvement Plan by Bank Holding Company)

Article 52-33 (1) The Prime Minister may, when he/she, in light of the status of business of a Bank Holding Company or the status of property of the Bank Holding Company and its Subsidiary Companies, etc., finds it particularly necessary for ensuring sound and appropriate management of a Bank which is a Subsidiary Company of the Bank Holding Company, request the Bank Holding Company to submit an improvement plan for securing soundness in management of the Bank or order amendment of the submitted improvement plan by designating matters for which measures should be taken and the time limit therefor, or may order, within the limit necessary, measures necessary for the purpose of supervision.

(2) An order under the preceding paragraph (including the request of submission of an improvement plan; the same shall apply in the following paragraph) that is given when it is found necessary in light of the adequacy of equity capital of the Bank Holding Company and its Subsidiary Companies, etc. shall be one of those that are specified by Cabinet Office Ordinance and Ordinance of the Ministry of Finance for the categories of the adequacy of equity capital of the Bank Holding Company and its Subsidiary Companies, etc. specified by Cabinet Office Ordinance and the Ordinance of the Ministry of Finance, respectively.

(3) In the case where the Prime Minister gives an order under paragraph (1) to a Bank Holding Company, the Prime Minister may, if he/she finds it particularly necessary in light of the state of implementation of the measures under that order, order the Bank which is a Subsidiary Company of that Bank Holding Company to take measures necessary for ensuring sound and appropriate management of its business.

(Rescission, etc. of Authorization Granted to Bank Holding Company)

Article 52-34 (1) The Prime Minister may, if a Bank Holding Company has violated any laws and regulations, its articles of incorporation or a disposition given by the Prime Minister based on any laws and regulations or has committed an act that harms the public interest, order the Bank Holding Company to take necessary measures for the purpose of supervision, including dismissal of its director, executive officer, accounting advisor or company auditor, rescind the authorization set forth in Article 52-17, paragraph (1) or the proviso to Article 52-17, paragraph (3) granted to the Bank Holding Company, or order the Bank which is the Subsidiary Company of that Bank Holding Company to suspend the whole or part of its business. In this case, the authorization set forth in paragraph (1) of that Article related to the establishment shall be deemed to be granted to the Bank Holding Company

established under the authorization.

- (2) When the authorization granted under Article 52-17, paragraph (1) or the proviso to Article 52-17, paragraph (3) is rescinded in accordance with the provisions of the preceding paragraph, the Bank Holding Company shall take necessary measures for ceasing to be a Holding Company which has a Bank as its Subsidiary Company within a period designated by the Prime Minister.
- (3) In the case where the measures required under the preceding paragraph are taken, if the company that takes these measures still has voting rights in the Bank which amount to the Lowest Threshold for a Major Shareholder or greater, the provisions of Article 52-9, paragraph (2) shall apply by deeming the day on which these measures are taken as the date on which a cause referred to in that provisions arose.
- (4) The Prime Minister may, if a Holding Company which has a Bank as its Subsidiary Company falls under any of the categories provided for in the following items and if he/she finds it necessary, order the Bank which is the Subsidiary Company of that Holding Company to suspend the whole or part of its business:
 - (i) A Holding Company which became a Holding Company which has a Bank as its Subsidiary Company through any of the transactions or acts listed in the items of Article 52-17, paragraph (1) without obtaining the authorization set forth in that paragraph;
 - (ii) A Holding Company which was established as a Holding Company which has a Bank as its Subsidiary Company without obtaining the authorization set forth in Article 52-17, paragraph (1);
 - (iii) A Holding Company which has a Bank as its Subsidiary Company without obtaining the authorization set forth in the proviso to Article 52-17, paragraph (3) after the Last Day of the Grace Period set forth in that paragraph; or
 - (iv) A Holding Company for which the authorization set forth in Article 52-17, paragraph (1) or the proviso to Article 52-17, paragraph (3) was rescinded under the provisions of paragraph (1) and which has not taken measures required under paragraph (2) and has a Bank as its Subsidiary Company even after expiration of the period designated by the Prime Minister under that paragraph.

Subsection 5 Miscellaneous Provisions

(Authorization of Merger, Company Split or Transfer or Acquisition of Business Involving Bank Holding Company)

Article 52-35 (1) Any merger of which parties solely consist of Bank Holding Companies or include Bank Holding Companies (limited to the case where a

company that was a Bank Holding Company before the merger survives as a Bank Holding Company after the merger) shall not be effective without authorization of the Prime Minister.

- (2) Any company split of which a Bank Holding Company is a party (limited to the case where the Bank Holding Company which had its business succeeded through the company split or the Bank Holding Company which succeeded to other's business through the company split continues to exist as a Bank Holding Company after the company split) shall not be effective without authorization of the Prime Minister, except for the cases specified by Cabinet Order.
- (3) Any transfer of business where a Bank Holding Company transfers or acquires whole or part of its or other's business (limited to the case where the Bank Holding Company which transferred or acquired the business continues to exist as a Bank Holding Company even after the transfer or acquisition) shall not be effective without authorization of the Prime Minister, except for the cases specified by Cabinet Order.
- (4) The provisions of Article 52-18, paragraph (1) shall apply mutatis mutandis to cases where an application for the authorization set forth in the preceding three paragraphs is filed.

Chapter VII-4 Bank Agency Service

Section 1 General Rules

(Permission)

- Article 52-36 (1) Bank Agency Services may not be operated without having obtained permission from the Prime Minister.
- (2) A Bank Agent may not conduct Bank Agency Services unless it receives entrustment from a Principal Bank or is re-entrusted by a Bank Agent which has been entrusted with said Bank Agency Services by a Principal Bank.
 - (3) A Bank Agent may not re-entrust Bank Agency Services to another party unless it obtains authorization from the Principal Bank in advance.

(Application for Permission)

- Article 52-37 (1) A person who wishes to obtain the permission set forth in paragraph (1) of the preceding Article (hereinafter referred to as an "Applicant" in paragraph (1) of the following Article and Article 52-42, paragraph (4)) shall submit a written application containing the following matters to the Prime Minister:
- (i) Trade name or name;
 - (ii) In the case where the person is a juridical person, names of its officers;
 - (iii) Name and location of business office(s) or other office(s) at which the

- Applicant carries out the Bank Agency Services;
- (iv) Trade name of Principal Bank(s);
 - (v) In the case where the person also engages in business activities other than Bank Agency Services, type of these business activities; and
 - (vi) Other matters specified by Cabinet Office Ordinance.
- (2) The following documents shall be attached to the written application set forth in the preceding paragraph.
- (i) In the case where the Applicant is a juridical person, articles of incorporation and certificate of registered matters (or other documents equivalent thereto);
 - (ii) Documents that contain statements on matters specified by Cabinet Office Ordinance as those related to details and methods of Bank Agency Services; or
 - (iii) Other documents specified by Cabinet Office Ordinance.

(Requirements for Permission)

Article 52-38 (1) When an application for permission set forth in Article 52-36, paragraph (1) is filed, the Prime Minister shall examine whether the following requirements are satisfied by the Applicant:

- (i) The Applicant must have a financial basis that satisfies the requirements specified by Cabinet Office Ordinance as those found to be necessary for carrying out Bank Agency Services;
 - (ii) In light of such matters as personnel structure, the Applicant must have the ability necessary to carry out Bank Agency Services appropriately, fairly and efficiently and must have sufficient social credibility; and
 - (iii) Other business engaged in by the Applicant must not be found to have the risk of hindering the Applicant from carrying out Bank Agency Services appropriately and reliably.
- (2) The Prime Minister may, when and to the extent that he/she finds it necessary for the public interest in light of requirements for examination prescribed in the preceding paragraph, impose conditions on the contents of Bank Agency Services or other matters on the permission set forth in Article 52-36, paragraph (1) or change them.

(Notification of Change)

Article 52-39 (1) In the case of any change in the matters listed in the items of Article 52-37, paragraph (1), the Bank Agent shall notify the Prime Minister of the change within two weeks from the day when the change occurs.

- (2) If a Bank Agent intends to change any matters stipulated in documents listed in Article 52-37, paragraph (2), item (ii), he/she shall notify the Prime Minister of such change in advance pursuant to the provisions of Cabinet Office

Ordinance.

(Posting of Signs)

- Article 52-40 (1) A Bank Agent shall post a sign in the form specified by Cabinet Office Ordinance in a place accessible to the public at each of its business offices or other offices where the Bank Agent provides the Bank Agency Service.
- (2) No person other than a Bank Agent shall post a sign prescribed in the preceding paragraph or a sign similar thereto.

(Prohibition of Name Lending)

- Article 52-41 A Bank Agent shall not have another person engage in Bank Agency Services under the name of that Bank Agent.

Section 2 Business Activities

(Scope of Business Activities)

- Article 52-42 (1) A Bank Agent may, in addition to Bank Agency Services and services incidental to Bank Agency Services, engage in other business activities or services if it obtains the Prime Minister's approval therefor.
- (2) When an application for the approval set forth in the preceding paragraph is filed, the Prime Minister may refuse to grant the approval, only if the business activities or service for which the application is filed is found to have the risk of hindering the Applicant from carrying out Bank Agency Services appropriately and reliably.
- (3) A Bank Agent may not engage in business activities or service other than business or service conducted pursuant to the provisions of paragraph (1).
- (4) When a written application filed for permission set forth in Article 52-36, paragraph (1) contains statements to the effect that the Applicant will engage in business or service other than Bank Agency Services and services incidental to Bank Agency Services, if that permission is granted to that Applicant, the Applicant shall be deemed to obtain the approval under paragraph (1) for said business.

(Separate Management)

- Article 52-43 A Bank Agent shall, when he/she receives money or other property from a customer in relation to the acts listed in the items of Article 2, paragraph (14) (hereinafter referred to as the "Act of Bank Agency" in this Chapter), manage the money or other property separately from its own property pursuant to the provisions of Cabinet Office Ordinance.

(Explanation to Customers)

Article 52-44 (1) When carrying out the Act of Bank Agency, a Bank Agent shall disclose the following matters to customers in advance:

- (i) Trade name of the Principal Bank;
 - (ii) Whether the Bank Agent is acting as an agent or is acting as an intermediary, for conclusion of contracts set forth in the items of Article 2, paragraph (14); and
 - (iii) Other matters specified by Cabinet Office Ordinance.
- (2) A Bank Agent shall, in order to contribute to the protection of Depositors, etc. with regard to the act listed in Article 2, paragraph (14), item (i) (excluding act of agency or intermediary for Contract for a Specified Deposit, etc.), provide information on the contents of contracts pertaining to the deposits or Installment Savings, etc. and other information that would be helpful for the Depositors, etc., pursuant to the provisions of Cabinet Office Ordinance.
- (3) In addition to what is provided for in the preceding two paragraphs, Article 52-45-2 and other Acts, a Bank Agent shall, pursuant to the provisions of Cabinet Office Ordinance, explain important matters pertaining to the Act of Bank Agency to customers, appropriately handle customer information acquired in relation to the Act of Bank Agency, and take any other measures for ensuring sound and appropriate management of its business operation.

(Prohibited Acts Pertaining to Bank Agency Services)

Article 52-45 A Bank Agent shall not carry out the following acts (excluding the acts specified in item (v) with regard to the agency or intermediation for a Contract for Specified Deposits, etc.) in relation to his/her Bank Agency Services:

- (i) Acts of providing false information to customers;
- (ii) Acts of, with respect to any uncertain matter, providing customers with any conclusive evaluations on the matter or information that is likely to mislead them into misunderstanding that the matter is a certain matter;
- (iii) Acts of providing agency or intermediation for the conclusion of a contract on the loaning of funds or discounting of bills and notes to a customer on the condition that the customer carry out transactions pertaining to the business conducted by the Bank Agent or person with a close relationship thereto as specified by Cabinet Office Ordinance, including his/her Subsidiary Company (referred to as a "Closely Related Person" in the following item) (excluding such acts that are specified by Cabinet Office Ordinance as those that have no risk of lacking customer protection);
- (iv) Act of providing agency or intermediation for the conclusion of a contract on loan of funds or discounting of bills and notes to a Closely Related Person with terms and conditions more favorable than the ordinary terms and conditions applied to transactions with the Principal Bank while knowing

that such favorable terms and conditions would give disadvantages to the Principal Bank compared to the ordinary terms and conditions of transactions of the Principal Bank (excluding acts that are specified by Cabinet Office Ordinance as those that do not have the risk of impairing sound and appropriate execution of the business of the Principal Bank);

(v) In addition to what is listed in the preceding items, acts specified by Cabinet Office Ordinance as those that lack customer protection or have the risk of impairing sound and appropriate execution of the business of the Principal Bank.

(Application Mutatis Mutandis of Financial Instruments and Exchange Act Concerning Bank Agents)

Article 52-45-2 The provisions of Chapter III, Section 2, Subsection 1 of the Financial Instruments and Exchange Act (excluding Articles 35 to 36-4 inclusive (Scope of Business activities of Persons Who Engage in Type I Financial Instruments Services or Investment Management, Scope of Subsidiary Business activities of Persons Who Only Engage in Type II Financial Instruments Services or Investment Advisory and Agency Services, Duty of Good Faith to Customers, Posting of Signs, Prohibition of Name Lending, Prohibition of Administration of Corporate Bonds), Article 37, paragraph (1), item (ii) (Regulation of Advertising, etc.), Article 37-2 (Obligation to Clarify Conditions of Transactions in Advance), Article 37-3, paragraph (1), items (ii) and (vi) and Article 37-3, paragraph (3) (Delivery of Document prior to Conclusion of Contract), Article 37-5 (Delivery of Document Pertaining to Receipt of Security Deposit), Article 37-6, paragraphs (1) and (2), the proviso to Article 37-6, paragraph (4) and Article 37-6, paragraph (5) (Cancellation by Means of Document), Article 37-7 (Obligation to Conclude a Contract, etc. with a Designated Dispute Resolution Organization), Article 38, items (i) and (ii) and Article 38-2 (Prohibited Acts), the proviso to Article 39, paragraph (3) and Article 39, paragraph (5) (Prohibition of Compensation of Loss, etc.), Articles 40-2 to 40-5 inclusive (Best Execution Policy, Prohibition of Purchase and Sale, etc. Where Separate Management Is not Ensured, Limitation on Sale and Purchase, etc. of Securities for Professional Investors, Obligation of Notification in Relation to Securities for Professional Investors)) (General Rules) of the Financial Instruments and Exchange Act shall apply mutatis mutandis to agency or intermediary for conclusion of Contracts for Specified Deposits, etc. by a Bank Agency. In this case, the term "Financial Instruments Business" in these provisions shall be deemed to be replaced with "agency or intermediation for the conclusion of Contracts for Specified Deposits, etc. as defined in Article 13-4 of the Banking Act"; the term "Act of Executing a Financial Instruments Transaction" in these provisions shall be deemed to be

replaced with "conclusion of Contracts for Specified Deposits, etc. as defined in Article 13-4 of the Banking Act"; the term "Contract for Financial Instruments Transaction" in the aforementioned provisions (excluding Article 37-6, paragraph (3)) shall be deemed to be replaced with "Contract for a Specified Deposit, etc. as defined in Article 13-4 of the Banking Act"; the terms "wishes to conclude" in Article 37-3, paragraph (1) of the Financial Instruments and Exchange Act shall be deemed to be replaced with "engages in agency or intermediation for the conclusion of"; the term "; provided" in that paragraph shall be deemed to be replaced with "and shall, in order to contribute to the protection of Depositors, etc. (meaning Depositors, etc. as defined in Article 2, paragraph (5) of the Banking Act; hereinafter the same shall apply in this paragraph), provide the customer with information on the contents of the Contract for a Specified Deposit, etc. and other information that would be helpful for the Depositors, etc. in advance, pursuant to the provisions of Cabinet Office Ordinance; provided"; the term "Financial Instruments Specialist, etc." in Article 37-3, paragraph (1), item (i) of the Financial Instruments and Exchange Act shall be deemed to be replaced with "the Principal Bank (meaning an Principal Bank as defined in Article 2, paragraph (16) of the Banking Act) for which the Bank Agent (meaning a Bank Agent as defined in Article 2, paragraph (15) of the Banking Act) is acting"; the terms "Where a Contract for Financial Instruments Transaction has been cancelled" and "the customer to pay damages or penalty for the cancellation of that Contract for Financial Instruments Transaction beyond the amount specified by Cabinet Office Ordinance as the amount of fees, remuneration or any other Consideration payable by the customer with regard to that contract for Financial Instruments Transaction (referred to as a "Consideration" in the following paragraph) for the period until the cancellation of that Contract for Financial Instruments Transaction" in Article 37-6, paragraph (3) of the Financial Instruments and Exchange Act shall be deemed to be replaced with "When a Financial Instruments Specialist has paid money to a Bank as damages or otherwise for cancellation of a Contract for a Specified Deposit, etc. (meaning a Contract for a Specified Deposit, etc. as defined in Article 13-4 of the Banking Act; the same shall apply in Article 39) made" and "person who canceled the contract to pay money as damages or otherwise for the payment he/she has made to the Bank," respectively; the terms "purchase and sale or other transactions of Securities (excluding purchase and sale on condition of repurchase for which the repurchase price is set in advance and other transactions specified by Cabinet Order) or Derivative Transactions (hereinafter referred to as "Purchase and Sale or Other Transaction of Securities, etc." in this Article)," "the customer (in the case where a Trust Company, etc. (meaning a trust company or financial institution that has

obtained authorization under Article 1, paragraph (1) of the Act on Engagement in Trust Business by a Financial Institution; the same shall apply hereinafter) conducts purchase and sale of Securities or Derivative Transactions on the account of the person who sets a trust under a trust contract, including such person who sets the trust; hereinafter the same shall apply in this Article)," "Securities or Derivative Transactions (hereinafter referred to as "Securities, etc." in this Article)" and "make up" in Article 39, paragraph (1), item (i) of the Financial Instruments and Exchange Act shall be deemed to be replaced with "conclusion of a Contract for a Specified Deposit, etc.," "the customer," "Contract for a Specified Deposit, etc." and "make up, not through the Contract for a Specified Deposit, etc.," respectively; the terms "Purchase and Sale or Other Transaction of Securities, etc." and "Securities, etc." in Article 39, paragraph (1), items (ii) and (iii) of that Act shall be deemed to be replaced with "conclusion of a Contract for a Specified Deposit, etc." and "Contract for a Specified Deposit, etc.," respectively; the term "make an addition" in Article 39, paragraph (1), item (ii) of that Act shall be deemed to be replaced with "make an addition, not through the Contract for a Specified Deposit, etc."; the term "make an addition" in Article 39, paragraph (1), item (iii) shall be deemed to be replaced with "make an addition, not through the Contract for a Specified Deposit, etc."; the term "Purchase and Sale or Other Transaction of Securities, etc." in Article 39, paragraph (2) of that Act shall be deemed to be replaced with "conclusion of a Contract for a Specified Deposit, etc."; the term "that is specified by Cabinet Office Ordinance as a potential cause of" in Article 39, paragraph (3) of that Act shall be deemed to be replaced with "that may be a potential cause of"; and any other necessary technical replacement of terms shall be specified by Cabinet Order.

(Holidays and Business Hours of Specified Bank Agent)

Article 52-46 (1) Holidays of a Specified Bank Agent (meaning a Bank Agent that carries out the Act of Specified Bank Agency (meaning agency for the conclusion of a contract on acceptance of deposits specified by Cabinet Office Ordinance; the same shall apply in the following Article); the same shall apply in the following paragraph and that Article) shall be limited to Sundays and any other days specified by Cabinet Order.

(2) Business hours of a Specified Bank Agent shall be specified by Cabinet Office Ordinance by taking into consideration the circumstances such as the status of financial transactions.

(Temporary Suspension of Business, etc.)

Article 52-47 Except in cases specified by Cabinet Office Ordinance, when a Specified Bank Agent, due to natural disasters or any other compelling reason,

temporarily suspends whole or part of its business at its business office or other office where he/she provides its services involving the Act of Specified Bank Agency, he/she shall immediately notify the Prime Minister to that effect with the reason thereof, as well as post to that effect at said business office or said other office. The same shall apply to the case where a Bank resumes whole or part of its business at the business office or the other office where he/she has temporarily suspended whole or part of its business.

(Principal Bank's Discontinuance of Banking, etc.)

Article 52-48 When a Bank Agent receives notification set forth in Article 38 from his/her Principal Bank, the Specified Bank Agent, pursuant to the provisions of Cabinet Office Ordinance, shall post a notice of the same in a place easily seen by the public at all of its business offices or other offices where he/she has provided its services for that Principal Bank, for a period of not less than one month.

Section 3 Accounting

(Books and Documents Pertaining to Bank Agency Service)

Article 52-49 A Bank Agent shall prepare books and documents pertaining to his/her Bank Agency Services and preserve them, pursuant to the provisions of Cabinet Office Ordinance.

(Report on Bank Agency Service)

Article 52-50 (1) A Bank Agent shall, for each business year, prepare a report concerning his/her Bank Agency Services and submit it to the Prime Minister, pursuant to the provisions of Cabinet Office Ordinance.

(2) The Prime Minister shall, pursuant to the provisions of Cabinet Office Ordinance, make the report concerning the Bank Agency Services submitted under the preceding paragraph available for public inspection, except for matters of which disclosure is likely to divulge a secret of the Bank Agent's customer or bring undue disadvantage to the conduct of business by the Bank Agent.

(Disclosure of Explanatory Documents, etc. of Principal Bank for Public Inspection)

Article 52-51 (1) A Bank Agent shall, for each business year of his/her Principal Bank or the Bank Holding Company which has said Principal Bank as its Subsidiary Company, keep documents prepared by that Principal Bank under the provisions of Article 20, paragraphs (1) and (2) and Article 21, paragraphs (1) and (2) or documents prepared by the Bank Holding Company which has

said Principal Bank as its Subsidiary Company under the provisions of Article 52-28, paragraph (1) and Article 52-29, paragraph (1) at all of its business offices and other offices where he/she provides Bank Agency Services for that Principal Bank, and make them available for public inspection.

- (2) When the explanatory documents referred to in the preceding paragraph are prepared in the form of an Electromagnetic Record, the Bank Agent may take measures specified by Cabinet Office Ordinance as those for making the information contained in the explanatory documents accessible to many and unspecified persons by Electromagnetic Means at all of its business offices or other offices. In this case, the Bank Agent shall be deemed to make the explanatory documents available for public inspection, pursuant to the provisions of that paragraph.
- (3) In addition to what is provided for in the provisions of the preceding two paragraphs, matters necessary for applying paragraph (1), including the periods of time for which documents referred to in paragraph (1) are required to be made available for public inspection, shall be specified by Cabinet Office Ordinance.

Section 4 Supervision

(Notification of Discontinuance of Bank Agency Services, etc.)

Article 52-52 When a Bank Agent comes to fall under any of the conditions mentioned in the following items, the person referred to in that item shall notify the Prime Minister to that effect within 30 days from the day on which the Bank Agent comes to fall under the conditions mentioned in that item.

- (i) When a Bank Agent abolishes its Bank Agency Services, has the whole of its Bank Agency Services succeeded through company split, or transfers the whole of its Bank Agency Services: The individual or juridical person who abolishes the Bank Agency Services, has the Bank Agency Services succeeded, or transfers the Bank Agency Services;
- (ii) When an individual who is a Bank Agent dies: His/her heir;
- (iii) When a juridical person which is a Bank Agent is extinguished by merger: A person who was an officer representing the juridical person;
- (iv) When a juridical person which is a Bank Agent is dissolved by a ruling for commencement of bankruptcy proceedings: The bankruptcy trustee;
- (v) When a juridical person which is a Bank Agent is dissolved by a reason other than a merger or a ruling for commencement of bankruptcy proceedings: The liquidator.

(Submission of Reports or Materials by Bank Agent)

Article 52-53 The Prime Minister may, when he/she finds it necessary for

ensuring sound and appropriate management of the Bank Agency Services by a Bank Agent, require the Bank Agent to submit reports or materials concerning the status of his/her business or property.

(On-Site Inspection of Bank Agent)

Article 52-54 (1) The Prime Minister may, when he/she finds it necessary for ensuring sound and appropriate management of the Bank Agency Services by a Bank Agent, have his/her officials enter a business office, other office or any other facility of the Bank Agent, ask questions on the status of business or property of the Bank Agent, or inspect relevant books and documents or other articles of the Bank Agent.

(2) In the cases referred to in the preceding paragraph, the relevant officials shall carry a certificate for identification and produce it to those concerned when requested.

(3) The authority under paragraph (1) shall not be construed as that which has been granted for criminal investigation.

(Order for Improvement of Business Operation, etc.)

Article 52-55 The Prime Minister may, when and to the extent he/she finds it necessary for ensuring sound and appropriate management of the Bank Agency Services by a Bank Agent in light of the status of the business or property of that Bank Agent, order that Bank to change the contents or methods of its business operation or other measures necessary for the purpose of supervision.

(Disposition Which May be Rendered to a Bank Agent for the Purpose of Supervision)

Article 52-56 (1) The Prime Minister may, when a Bank Agent falls under any of the conditions mentioned in the following items, rescind the permission granted to the Bank Agent under Article 52-36, paragraph (1) or order the Bank Agent to suspend the whole or part of its Bank Agency Services by setting a time limit:

(i) When the Bank Agent no longer satisfies the requirements mentioned in the items of Article 52-38, paragraph (1);

(ii) When it is found that the Bank Agent has obtained the permission set forth in Article 52-36, paragraph (1) by wrongful means;

(iii) When the Bank Agent has violated the conditions imposed on the permission set forth in Article 52-36, paragraph (1);

(iv) When the Bank Agent has violated any laws and regulations or a disposition by the Prime Minister imposed based on any laws and regulations; or

(v) When the Bank Agent has committed an act that harms the public interest.

(2) The Prime Minister may, when any officer of a Bank Agent comes to fall under any of the conditions mentioned in items (iii) to (v) inclusive of the preceding paragraph, order the Bank Agent to dismiss the officer.

(Lapse of Permission)

Article 52-57 When a Bank Agent falls under any conditions mentioned in the following items, the permission granted to him/her under Article 52-36, paragraph (1) shall lose its effect:

- (i) When the Bank Agent comes to fall under any of the conditions mentioned in the items of Article 52-52;
- (ii) When the Bank Agent comes to have no Principal Bank; or
- (iii) When the Bank Agent failed to commence Bank Agency Services within six months from the day of obtaining said permission (excluding the case where there is an unavoidable reason and the approval of the Prime Minister has been obtained in advance).

Section 5 Principal Bank, etc.

(Guidance to Bank Agent, etc.)

Article 52-58 (1) A Principal Bank shall, with regard to Bank Agency Services operated by its Bank Agent, give guidance on business operations pertaining to his/her Bank Agency Services and take any other measures for ensuring sound and appropriate management, pursuant to the provisions of Cabinet Office Ordinance.

(2) A Principal Bank Agent (meaning a Bank Agent who re-entrusts Bank Agency Services to another Bank Agent; the same shall apply hereinafter) shall, with regard to Bank Agency Services carried out by the Secondary Bank Agent (meaning a Bank Agent who carries out Bank Agency Services on re-entrustment from a Principal Bank Agent; the same shall apply hereinafter), give guidance on business operations pertaining to the Secondary Bank Agent's Bank Agency Services and take any other measures for ensuring sound and appropriate management thereof, pursuant to the provisions of Cabinet Office Ordinance.

(Liability for Damages of Principal Bank, etc.)

Article 52-59 (1) A Principal Bank shall be liable to compensate for any damage that its Bank Agent causes to his/her customer in relation to the Act of Bank Agency.

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

- (i) Regarding the Act of Bank Agency carried out by a Bank Agent who has

acted under entrustment from the Principal Bank, in the case where the Principal Bank exercised reasonable care in entrusting the Bank Agent and made efforts to prevent the occurrence of the damage incurred by the customer in relation to the Bank Agency Services provided by the Bank Agent; or

- (ii) Regarding the Act of Bank Agency carried out by an Secondary Bank Agent, in the case where the Principal Bank exercised reasonable care in granting authorization for re-entrustment to the Secondary Bank Agent and made efforts to prevent the occurrence of the damage incurred by the customer in relation to the Act of Bank Agency carried out by the Secondary Bank Agent.
- (3) The Principal Bank Agency shall be liable to compensate for any damage that his/her Secondary Bank Agent causes to his/her customer through the Act of Bank Agency; provided, however, that this shall not apply in the case where the Principal Bank Agent exercised reasonable care in re-entrusting the Secondary Bank Agent and made efforts to prevent the occurrence of the damage incurred by the customer in relation to the Act of Bank Agency carried out by the Secondary Bank Agent.
- (4) The provisions of paragraph (1) shall not preclude the Principal Bank from exercising its right to obtain reimbursement from the Bank Agent, and the provisions of the preceding paragraph shall not preclude the Principal Bank Agent from exercising his/her right to obtain reimbursement from the Secondary Bank Agent.
- (5) The provisions of Article 724 (Restriction of Period of Right to Demand Compensation for Damages in Tort) of the Civil Code shall apply to claims under paragraphs (1) and (3).

(Bank Agent Registry)

Article 52-60 (1) A Principal Bank shall, pursuant to the provisions of Cabinet Office Ordinance, keep the registry of Bank Agents pertaining to it at its business offices (excluding unmanned business offices and other offices specified by Cabinet Office Ordinance).

- (2) Depositors, etc. or other interested persons may demand inspection of the registry set forth in the preceding paragraph to the Principal Bank, when necessary.

Section 6 Miscellaneous Provisions

(Exclusion from Application)

Article 52-61 (1) Notwithstanding the provisions of Article 52-36, paragraph (1), a Bank, etc. (meaning a Bank or other person engaged in financial services specified by Cabinet Order; hereinafter the same shall apply in this Article)

may operate Bank Agency Service.

- (2) In the case where a Bank, etc. conducts Bank Agency Services under the preceding paragraph, the provisions of Article 13-2, Article 24, Article 25, Article 38, Article 48, Article 52-36, paragraphs (2) and (3), Articles 52-39 to 52-41 inclusive, Articles 52-43 to 52-56 inclusive, the preceding three Articles, paragraph (4) of the following Article, Article 56 (limited to the parts pertaining to item (xi)) and Article 57-7, paragraph (2), and the provisions of Chapter IX pertaining to these provisions shall apply to the Bank, etc. by deeming the Bank, etc. as a Bank Agent. In this case, the terms "any of the conditions mentioned in the following items" and "rescind the permission granted to the Bank Agent under Article 52-36, paragraph (1) or order the Bank Agent to suspend the whole or" in Article 52-56, paragraph (1) shall be deemed to be replaced with "the conditions mentioned in item (iv) or (v)" and "order the Bank Agent to suspend the whole or," respectively, and any other necessary technical replacement of terms shall be specified by Cabinet Order.
- (3) When a Bank, etc. intends to engage in Bank Agency Services, it shall submit documents containing the matters listed in the items of Article 52-37, paragraph (1) and documents set forth in Article 52-37, paragraph (2), item (ii) to the Prime Minister.

Chapter VII-5 Designated Dispute Resolution Organization

Section 1 General Rules

(Designation of a Person to Carry Out Dispute Resolution, etc.)

Article 52-62 (1) The Prime Minister may, upon an application, designate a person satisfying the following requirements as the person to carry out Dispute Resolution, etc.:

- (i) That the relevant person is a juridical person (including an association or foundation without juridical personality for which a representative person or administrator has been designated and excluding a juridical person established under laws and regulations of a foreign state and any other foreign organizations; the same shall apply in item (iv), sub-item (d));
- (ii) That the relevant person is not a person who has had the designation under this paragraph rescinded pursuant to Article 52-84, paragraph (1) and for whom five years have not passed since the date of rescission, nor is the relevant person a person who has had the designation under the provisions of other Acts specified by Cabinet Order as pertaining to business activities equivalent to Dispute Resolution, etc. rescinded, and for whom five years have not passed since the date of rescission;
- (iii) That the relevant person is not a person who has been sentenced to a fine (including punishment under laws and regulations of a foreign state

- equivalent to this) for violating the provisions of this Act or the Attorney Act (Act No. 205 of 1949) or laws and regulations of a foreign state equivalent thereto and for whom five years have not passed since the day when the execution of the punishment sentence was completed or since the day when the person ceased to be subject to the execution of the sentence;
- (iv) That the relevant person has no officers falling under any of the following categories of persons:
- (a) An adult ward or a person under conservatorship, or a person who is treated in the same manner under laws and regulations of a foreign state;
 - (b) A bankrupt who has not obtained restoration of rights, or a person who is treated in the same manner under laws and regulations of a foreign state;
 - (c) A person who has been sentenced to imprisonment with work or a severer punishment (including punishment under laws and regulations of a foreign state equivalent to this) and for whom five years have not passed since the day when the execution of the sentence was completed or since the day when the person ceased to be subject to the execution of the sentence;
 - (d) In cases where the designation under this paragraph has been rescinded under the provisions of Article 52-84, paragraph (1) or an administrative disposition similar to said designation in a foreign state pursuant to the provisions of laws and regulations of the foreign state which are equivalent to this Act has been rescinded, a person who was an officer (including persons treated in the same manner under laws and regulations of a foreign state; the same shall apply in this sub-item (d)) of the juridical person within one month prior to the date of rescission and for whom five years have not passed since the date of rescission, or in cases where the designation under the provisions of other Acts which is specified by Cabinet Order as pertaining to business activities equivalent to Dispute Resolution, etc. or an administrative disposition similar to said designation in a foreign state as specified by Cabinet Order under the provisions of laws and regulations of the foreign state which are equivalent to said other Acts has been rescinded, a person who was an officer of the juridical person within one month prior to the date of rescission and for whom five years have not passed from the date of rescission; or
 - (e) A person who has been sentenced to a fine (including punishment under laws and regulations of a foreign state equivalent to this) for violating the provisions of this Act, the Attorney Act, or laws and regulations of a foreign state equivalent thereto, and for whom five years have not passed since the day when the execution of the sentence was completed or since the day when the person ceased to be subject to the execution of the sentence;
- (v) That the relevant person has a sufficient financial and technical basis to

- properly implement Dispute Resolution, etc.;
- (vi) That the composition of the officers or employees has no risk of causing hindrance to the fair implementation of Dispute Resolution, etc.;
- (vii) That the rules concerning the implementation of Dispute Resolution, etc. (hereinafter referred to as the "Operational Rules") conform to laws and regulations and are found sufficient for the fair and appropriate implementation of Dispute Resolution, etc. pursuant to the provisions of this Act; and
- (viii) That, as a result of hearing the opinions pursuant to the following paragraph, the proportion of the number of Banks which have stated their objections to the matters concerning the cancellation of the Basic Contract for Implementation of Dispute Resolution Procedures, other contents of the Basic Contract for Implementation of Dispute Resolution Procedures (excluding the matters listed in the items of Article 52-67, paragraph (2)) and other contents of the Operational Rules (excluding the matters which are to be the content thereof as provided in paragraph (3) of that Article and the matters necessary for conforming to the criteria listed in the items of paragraph (4) of that Article and paragraph (5), item (i) of that Article) (limited to objections with reasonable grounds attached thereto) to the total number of Banks has become less than the proportion specified by Cabinet Order.
- (2) Any person who wishes to file the application under the preceding paragraph shall, in advance and pursuant to the provisions of Cabinet Office Ordinance, explain the contents of the Operational Rules to the Bank and hear opinions therefrom as to whether they have any objections thereto (in cases where there are objections, the reasons therefor shall be included) and prepare a document stating the results thereof.
- (3) When the Prime Minister wishes to make the designation under paragraph (1), he/she shall consult the Minister of Justice in advance with regard to the fact that the relevant person satisfies the requirements listed in items (v) to (vii) inclusive of that paragraph (limited to the part related to the operation of Dispute Resolution Procedures, and with regard to the requirement set forth in item (vii), limited to the requirement pertaining to the criteria listed in the items of Article 52-67, paragraph (4) and the items of paragraph (5) of that Article).
- (4) When the Prime Minister has made the designation under paragraph (1), he/she shall give public notice of the trade name or name and the location of the principal business office or office of the Designated Dispute Resolution Organization as well as the day on which he/she made the designation in the official gazette.

(Application for Designation)

Article 52-63 (1) A person who wishes to obtain the designation set forth in paragraph (1) of the preceding Article shall submit a written application for designation containing the following matters to the Prime Minister:

- (i) The trade name or name;
 - (ii) The name and location of the principal business office or office or any other business office or office for Dispute Resolution, etc.; and
 - (iii) The name(s) or trade name(s) of the officer(s).
- (2) The following documents shall be attached to the written application for designation under the preceding paragraph:
- (i) A document to pledge that the person satisfies the requirements set forth in items (iii) and (iv) of paragraph (1) of the preceding Article;
 - (ii) The articles of incorporation and the certificate of registered matters of the juridical person (including those equivalent thereto);
 - (iii) Operational Rules;
 - (iv) Documents containing the matters concerning the organization;
 - (v) An inventory of assets, balance sheet, and any other documents that certify that the relevant person has the necessary financial basis for conducting Dispute Resolution, etc., which are specified by Cabinet Office Ordinance;
 - (vi) The documents prescribed in paragraph (2) of the preceding Article, and any other documents specified by Cabinet Office Ordinance as those proving that the relevant person satisfies the requirement set forth in paragraph (1), item (viii) of that Article; and
 - (vii) Other documents specified by Cabinet Office Ordinance.
- (3) In the case referred to in the preceding paragraph, when the articles of incorporation, inventory of assets, or balance sheet is prepared in the form of Electromagnetic Records, such Electromagnetic Records may be attached in lieu of the written documents.

(Obligation of Confidentiality, etc.)

Article 52-64 (1) A Dispute Resolution Mediator (meaning a Dispute Resolution Mediator appointed under Article 52-73, paragraph (2); the same shall apply in the following paragraph, paragraph (2) of the following Article and Article 52-67, paragraphs (2) and (4)) or an officer or employee of the Designated Dispute Resolution Organization, or a person who was formerly in such position shall not divulge to another person or use for his/her own interests any confidential information learned during the course of Dispute Resolution, etc.

- (2) With regard to the application of the Penal Code (Act No. 45 of 1907) and other penal provisions, a Dispute Resolution Mediator or an officer or employee of the Designated Dispute Resolution Organization shall be deemed to be officials engaged in public service under laws and regulations.

Section 2 Business Activities

(Business Activities of a Designated Dispute Resolution Organization)

Article 52-65 (1) A Designated Dispute Resolution Organization shall carry out Dispute Resolution, etc. pursuant to the provisions of this Act and the Operational Rules.

(2) A Designated Dispute Resolution Organization (including Dispute Resolution Mediators) may receive charges borne, fees, or any other remuneration for conducting Dispute Resolution, etc. pursuant to the Basic Contract for the Implementation of Dispute Resolution Procedures or any other contracts concluded with a Member Bank (meaning a Bank with which it has concluded a Basic Contract for the Implementation of Dispute Resolution Procedures; hereinafter the same shall apply in this Chapter) that is a party thereto or with the customer thereof (hereinafter simply referred to as the "Parties" in this Chapter) or with persons other than the Parties.

(Entrustment of Business Activities for Complaint Processing Procedures or Dispute Resolution Procedures)

Article 52-66 A Designated Dispute Resolution Organization shall not entrust business activities for Complaint Processing Procedures or Dispute Resolution Procedures to persons other than another Designated Dispute Resolution Organization or a person who has obtained the designation under the provisions of other Acts which is specified by Cabinet Order as that related to business activities equivalent to Dispute Resolution, etc. (referred to as the "Entrusted Dispute Resolution Organization" in Article 52-73, paragraphs (4) and (5)).

(Operational Rules)

Article 52-67 (1) A Designated Dispute Resolution Organization shall prescribe the following matters in its Operational Rules:

- (i) Matters concerning the contents of the Basic Contract for Implementation of Dispute Resolution Procedures;
- (ii) Matters concerning the conclusion of a Basic Contract for Implementation of Dispute Resolution Procedures;
- (iii) Matters concerning the implementation of Dispute Resolution, etc.;
- (iv) Matters concerning incurrence of the charges to be borne by the Member Bank with regard to the cost required for Dispute Resolution, etc.;
- (v) When collecting fees for the implementation of Dispute Resolution, etc. from the Parties, matters concerning such fees;
- (vi) Matters concerning coordination with another Designated Dispute

- Resolution Organizations, national organs, local governments, private business operators, or any other persons processing complaints or implementing dispute resolution;
- (vii) Matters concerning the processing of complaints regarding Dispute Resolution, etc.; and
 - (viii) In addition to what is listed in the preceding items, matters specified by Cabinet Office Ordinance as those necessary for the implementation of Dispute Resolution, etc.
- (2) The Basic Contract for the Implementation of Dispute Resolution Procedures as referred to in item (i) of the preceding paragraph shall provide the following matters:
- (i) That the Designated Dispute Resolution Organization is to commence Complaint Processing Procedures or Dispute Resolution Procedures based on a request for the resolution of Complaints Related to Banking Services by a customer of the Member Bank or on a request for Dispute Resolution Procedures by a Party;
 - (ii) That the Designated Dispute Resolution Organization or a Dispute Resolution Mediator may commence Complaint Processing Procedures or, in cases when said Designated Dispute Resolution Organization or Dispute Resolution Mediator has commenced Dispute Resolution Procedures based on a request by the customer of the Member Bank, demand that the Member Bank respond to these procedures, and that said Member Bank shall not refuse such demand without justifiable grounds;
 - (iii) That a Designated Dispute Resolution Organization or Dispute Resolution Mediator may demand that the Member Bank make reports or submit books and documents or any other articles in the course of Complaint Processing Procedures or Dispute Resolution Procedures, and that said Member Bank shall not refuse such demand without justifiable grounds;
 - (iv) That a Dispute Resolution Mediator may prepare a settlement proposal necessary for the resolution of Disputes Related to Banking Services in the course of Dispute Resolution Procedures, and recommend that the Parties accept such proposal;
 - (v) That, in cases where there is no prospect of reaching a settlement between the Parties to the dispute through the recommendation to accept the settlement proposal under the preceding item, if the Dispute Resolution Mediator finds it reasonable in light of the nature of the case, the intention of the Parties, the status of implementation of procedures by the Parties, or any other circumstances, he/she may prepare a Special Conciliation Proposal necessary for the resolution of a Dispute Related to Banking Services and present it to the Parties with reasons attached thereto;
 - (vi) That, when Dispute Resolution Procedures have been commenced for a

- claim on which a suit is pending, the Member Bank shall report to the effect that said suit is pending, the grounds for the claims in said suit, and the progress of said suit to the Designated Dispute Resolution Organization;
- (vii) That, when a suit pertaining to the claims which were the subject matter of the Dispute Resolution Procedures has been filed, a Member Bank shall report to the effect that said suit has been filed and the grounds for the claims in said suit to the Designated Dispute Resolution Organization;
- (viii) That in addition to what is provided for in the preceding two items, when a Member Bank has been demanded to make reports on the progress of a suit pertaining to the claims which were the subject matter of the Dispute Resolution Procedures or any other matters, he/she shall make report on such matters to the Designated Dispute Resolution Organization;
- (ix) That when the suit under item (vi) or (vii) is no longer pending in court, or when the court decision on the suit has become final and binding, the Member Bank shall report to that effect to the Designated Dispute Resolution Organization and give the details thereof;
- (x) That a Member Bank shall provide the necessary information or take other measures necessary for informing its customer of the implementation of Dispute Resolution, etc. by a Designated Dispute Resolution Organization; and
- (xi) In addition to what is provided for in the preceding items, matters specified by Cabinet Office Ordinance as those necessary for the promotion of the processing of Complaints Related to Banking Services or the resolution of the Dispute Related to Banking Services.
- (3) The Operational Rules concerning the matters for the conclusion of a Basic Contract for Implementation of Dispute Resolution Procedures under paragraph (1), item (ii) shall provide that, in cases where a Designated Dispute Resolution Organization receives an application for the conclusion of a Basic Contract for Implementation of Dispute Resolution Procedures from a Bank, except in cases where it is expected to be uncertain whether said Bank will perform the obligations pertaining to the Basic Contract for Implementation of Dispute Resolution Procedures or any other obligations regarding the implementation of Dispute Resolution, etc., said Designated Dispute Resolution Organization shall not refuse such application.
- (4) The Operational Rules concerning the matters listed in paragraph (1), item (iii), shall conform to the following criteria:
- (i) That measures have been taken to ensure the coordination between Complaint Processing Procedures and Dispute Resolution Procedures;
- (ii) That a method has been established for appointing the Dispute Resolution Mediator and, in cases where the Dispute Resolution Mediator has an interest with the Parties to the Dispute Related to Banking Services or

- where there are any other causes that are likely to hinder the fair implementation of Dispute Resolution Procedures, a method of excluding such Dispute Resolution Mediator;
- (iii) That, with regard to a Designated Dispute Resolution Organization that is to carry out the operations of Dispute Resolution Procedures with regard to the Dispute Related to Banking Services of which one of the Parties is the Substantial Controller, etc. (meaning the person specified by Cabinet Office Ordinance as one who substantially controls the business of the Designated Dispute Resolution Organization or who has a material influence on the business thereof by the holding of shares of the Designated Dispute Resolution Organization, financing the Designated Dispute Resolution Organization or any other cause) of the Designated Dispute Resolution Organization or a Subsidiary Company, etc. (meaning the person specified by Cabinet Office Ordinance as one whose business is substantially controlled by the Designated Dispute Resolution Organization by the holding of shares or any other cause) of the Designated Dispute Resolution Organization, measures have been taken for preventing said Substantial Controller, etc., Subsidiary Company, etc. or Designated Dispute Resolution Organization from exercising undue influence on the Dispute Resolution Mediator;
 - (iv) That, when the Dispute Resolution Mediator is not an attorney-at-law (excluding cases where the Dispute Resolution Mediator is a judicial scrivener prescribed in Article 3, paragraph (2) of the Judicial Scriveners Act (Act No. 197 of 1950) in the Dispute Resolution Procedures carried out for a dispute set forth in Article 3, paragraph (1), item (vii) of that Act) and an expert knowledge on the interpretation and application of laws and regulations is required for the implementation of Dispute Resolution Procedures, measures have been taken to receive the advice of an attorney-at-law;
 - (v) That an appropriate method has been established for the notice to be given in implementing Dispute Resolution Procedures;
 - (vi) That a standard operation process has been established from the commencement to the termination of Dispute Resolution Procedures;
 - (vii) That the requirements and methods have been established for the customer of the Member Bank to file a request for the resolution of Complaints Related to Banking Services with the Designated Dispute Resolution Organization or for a Party to the Dispute Related to Banking Services to file a request for Dispute Resolution Procedures with the Designated Dispute Resolution Organization;
 - (viii) That, for the time when a Designated Dispute Resolution Organization receives a request for Dispute Resolution Procedures from the Member Bank, such Designated Dispute Resolution Organization has established procedures

- to promptly notify the customer of the Member Bank that is to be the other Party to the Dispute Related to Banking Services to that effect and to confirm with such customer whether or not he/she will ask for the implementation of Dispute Resolution Procedures in response to this;
- (ix) That, for the time when a Designated Dispute Resolution Organization receives a request for Dispute Resolution Procedures under item (vii) from the customer of the Member Bank, such Designated Dispute Resolution Organization has established procedures to promptly notify the Member Bank which is to be the other Party to the Dispute Related to Banking Services to that effect;
 - (x) That a method has been established for retaining, returning, and other handling of books and documents and any other articles which are submitted in the course of Dispute Resolution Procedures;
 - (xi) That, with regard to the confidential information of the Parties to the Dispute Related to Banking Services or of a third party which shall be included in opinions to be stated or the books and documents or any other articles to be submitted or presented in the course of Dispute Resolution Procedures, the method for retaining such confidential information in an appropriate manner has been established in accordance with the nature of such confidential information. The same shall apply to the confidential information contained in the dispute resolution procedure record referred to in Article 52-73, paragraph (9);
 - (xii) That the requirements and methods have been established for the Parties to a Dispute Related to Banking Services to terminate the Dispute Resolution Procedures;
 - (xiii) That, when the Dispute Resolution Mediator considers there to be no prospect of reaching a settlement between the Parties to the Dispute Related to Banking Services through Dispute Resolution Procedures, it is provided for that the Designated Resolution Mediator shall promptly terminate said Dispute Resolution Procedures and notify the Parties to the Dispute Related to Banking Services to that effect; and
 - (xiv) That measures have been established to have the Dispute Resolution Mediator or an officer or employee of the Designated Dispute Resolution Organization securely retain the confidential information learned in the course of Dispute Resolution, etc.
- (5) The Operational Rules concerning the matters listed in paragraph (1), items (iv) and (v) shall conform to the following criteria:
- (i) That the amount of the charges to be borne referred to in paragraph (1), item (iv) or the fees referred to in item (v) of that paragraph, or the methods of calculation and payment thereof (collectively referred to as the "Amount of Charges to Be Borne, etc." in the following item) are provided; and

- (ii) That the Amount of Charges to Be Borne, etc. is not grossly inappropriate.
- (6) The term "Special Conciliation Proposal" as used in paragraph (2), item (v) means, except for the following cases, a settlement proposal for the Member Bank to accept:
 - (i) When the customer of the Member Bank who is a Party (hereinafter simply referred to as the "Customer" in this paragraph) does not accept the relevant settlement proposal;
 - (ii) In cases where, at the time of presenting the relevant settlement proposal, suit had not been filed for a claim which had become the subject matter of the Dispute Resolution Procedures, when a suit for the claim is filed and has not been withdrawn by the day on which one month has elapsed from the day when the Member Bank came to know that the Customer has accepted the settlement proposal;
 - (iii) In cases where, at the time of presenting the settlement proposal, suit had been filed for the claim which had become the subject matter of the relevant Dispute Resolution Procedure, when said suit has not been withdrawn by the day on which one month has elapsed from the day when the Member Bank came to know that the Customer has accepted the settlement proposal; or
 - (iv) When, with regard to the Dispute Related to Banking Services for which Dispute Resolution Procedures have been implemented, an arbitration agreement defined in Article 2, paragraph (1) of the Arbitration Act (Act No. 138 of 2003) has been entered into or a settlement or conciliation not through said settlement proposal has been reached between the Parties by the day on which one month has elapsed from the day when the Member Bank came to know that the Customer has accepted the settlement proposal.
- (7) Changes to the Operational Rules shall not be effective without the authorization of the Prime Minister.
- (8) When the Prime Minister wishes to grant the authorization under the preceding paragraph, he/she shall consult the Minister of Justice in advance as to whether the Operational Rules subject to said authorization conform to the criteria set forth in the items of paragraph (4) and the items of paragraph (5) (limited to the part related to the operation of Dispute Resolution Procedures).

(Publication, etc. of the Fact of Non-Performance of the Basic Contract for Implementation of Dispute Resolution Procedures)

Article 52-68 (1) In cases where non-performance of the obligations to be incurred by a Member Bank under a Basic Contract for Implementation of Dispute Resolution Procedures arises, when a Designated Dispute Resolution Organization has heard opinions from said Member Bank and finds there are no justifiable grounds for such non-performance, said Designated Dispute Resolution Organization shall publicize and report to the Prime Minister the

trade name or name of said Member Bank and the fact of such non-performance, without delay.

(2) A Designated Dispute Resolution Organization shall endeavor to provide information, consultation, or any other support to a Member Bank or any other person to preemptively prevent Complaints Related to Banking Services and Disputes Related to Banking Services, and to promote the processing of Complaints Related to Banking Services and the resolution of Disputes Related to Banking Services.

(Prohibition of Use of Organized Crime Group Member, etc.)

Article 52-69 A Designated Dispute Resolution Organization shall not have an Organized Crime Group Member, etc. (meaning the organized crime group member, etc. defined in Article 2, item (vi) of the Act on Prevention of Unjust Acts by Organized Crime Group Members (Act No. 77 of 1991) (hereinafter referred to as an "Organized Crime Group Member" in this Article) or a person for whom five years have not passed from the day on which such person ceased to be an Organized Crime Group Member) engaged in Dispute Resolution, etc. or use him/her as an assistant in Dispute Resolution, etc.

(Prohibition of Discriminatory Treatment)

Article 52-70 A Designated Dispute Resolution Organization shall not treat any particular Member Bank in an unjust, discriminatory manner.

(Preservation of Records)

Article 52-71 A Designated Dispute Resolution Organization shall, except for those under the provisions of Article 52-73, paragraph (9) prepare and preserve records concerning its Dispute Resolution, etc., pursuant to the provisions of Cabinet Office Ordinance.

(Complaint Processing Procedures by a Designated Dispute Resolution Organization)

Article 52-72 When a customer of the Member Bank files an application for the resolution of a Complaint Related to Banking Services, a Designated Dispute Resolution Organization shall respond to the request for consultation, provide necessary advice to the customer, investigate the circumstances pertaining to such Complaint Related to Banking Services, notify said Member Bank of the substance and content of such Complaint Related to Banking Services, and demand that said Member Bank process the complaint expeditiously.

(Dispute Resolution Procedures by a Designated Dispute Resolution Organization)

Article 52-73 (1) The Parties to the Dispute Related to Banking Services may file an application for Dispute Resolution Procedures with the Designated Dispute Resolution Organization with whom the Member Bank has concluded a Basic Contract for Implementation of Dispute Resolution Procedures for the purpose of resolving the Dispute Related to Banking Services related to the Member Bank.

(2) When a Designated Dispute Resolution Organization has received the application under the preceding paragraph, it shall appoint Dispute Resolution Mediators.

(3) Dispute Resolution Mediators shall be appointed from among persons who are of the highest moral character and who fall under any of the following items (excluding persons who have an interest in the Parties subject to the application under paragraph (1)). In this case, at least one of the Dispute Resolution Mediators shall be a person who falls under item (i) or (iii) (in cases where said application is that pertaining to a dispute provided in Article 3, paragraph (1), item (vii) of the Judicial Scriveners Act, item (i), (iii) or (iv)):

(i) An attorney-at-law who has engaged in business for five years or more in total;

(ii) A person who has engaged in the Banking Services for ten years or more in total;

(iii) A person who has a specialized knowledge of and experience in consultation for the complaints which arise between consumers and business operators with regard to consumer affairs, or on any other matters concerning consumer affairs as provided by Cabinet Office Ordinance;

(iv) In cases where the application is that pertaining to the dispute prescribed in Article 3, paragraph (1), item (vii) of the Judicial Scriveners Act, a judicial scrivener prescribed in paragraph (2) of that Article who has engaged in the summary court legal representation business, etc. defined in that paragraph for five years or more in total; or

(v) Persons specified by Cabinet Office Ordinance as those equivalent to the persons listed in the preceding items.

(4) A Designated Dispute Resolution Organization shall have the application under paragraph (1) proceed into Dispute Resolution Procedures carried out by the Dispute Resolution Mediators appointed under paragraph (2) (hereinafter simply referred to as the "Dispute Resolution Mediators" in this Article and paragraph (1) of the following Article); provided, however, that in cases where the Dispute Resolution Mediators find that it is not appropriate to carry out the Dispute Resolution Procedures on the grounds that it is acceptable to recognize the customer of the Member Bank who is a Party to said application as a person who has sufficient ability to properly resolve the Dispute Related to Banking Services or on any other grounds, or find that the Parties have filed

- the application under paragraph (1) for improper purposes and without reason, they shall not implement the Dispute Resolution Procedures, and when the Dispute Resolution Mediators find it appropriate to have the application proceed into procedures equivalent to the Dispute Resolution Procedures to be conducted by an Entrusted Dispute Resolution Organization, the Designated Dispute Resolution Organization shall entrust the operations of Dispute Resolution Procedures to an Entrusted Dispute Resolution Organization.
- (5) When the Dispute Resolution Mediators have decided not to implement Dispute Resolution Procedures pursuant to the proviso to the preceding paragraph, or when they have decided to entrust the operations to an Entrusted Dispute Resolution Organization, the Designated Dispute Resolution Organization shall notify the person who made the application under paragraph (1) to that effect with the reasons therefor attached thereto.
- (6) Dispute Resolution Mediators may hear opinions of the Parties or witnesses, request said persons to submit written reports, or request the Parties to submit books and documents and other articles that will be helpful, and may prepare a settlement proposal necessary for the resolution of the case and recommend that the Parties accept said proposal or provide a Special Conciliation (meaning to present the Special Conciliation Proposal prescribed in Article 52-67, paragraph (6)).
- (7) Dispute Resolution Procedures shall not be open to the public; provided, however, that Dispute Resolution Mediators may allow attendance of a person who is considered to be appropriate with the consent of the Parties.
- (8) A Designated Dispute Resolution Organization shall, prior to the commencement of Dispute Resolution Procedures and pursuant to the provisions of Cabinet Office Ordinance, deliver a document containing the following matters or provide an Electromagnetic Record recording such matters and give an explanation thereof to the customer of the Member Bank who is a Party to the dispute:
- (i) Matters concerning the fees to be paid by the customer;
 - (ii) The standard operation process from the commencement to the termination of Dispute Resolution Procedures as provided in Article 52-67, paragraph (4), item (vi); and
 - (iii) Other matters specified by Cabinet Office Ordinance.
- (9) A Designated Dispute Resolution Organization shall, pursuant to the provisions of Cabinet Office Ordinance, prepare and preserve the dispute resolution procedure record containing the following matters with regard to the Dispute Resolution Procedures it implemented:
- (i) The date on which the Party to the Dispute Related to Banking Services filed the application for Dispute Resolution Procedures;
 - (ii) The name or trade name of the Parties to the Dispute Related to Banking

- Services and the agents thereof;
- (iii) The names of the Dispute Resolution Mediators;
 - (iv) The particulars of the Dispute Resolution Procedures;
 - (v) The results of the Dispute Resolution Procedures (including the reason for the termination of the Dispute Resolution Procedures and the date thereof);
and
 - (vi) In addition to what is listed in the preceding items, matters necessary to clarify the contents of the implemented Dispute Resolution Procedures which are specified by Cabinet Office Ordinance.

(Interruption of Prescription)

Article 52-74 (1) In cases where the Dispute Resolution Mediators have terminated the Dispute Resolution Procedures on the grounds that there is no prospect of reaching a settlement between the Parties to the relevant Dispute Related to Banking Services through the Dispute Resolution Procedures, when the Party to said Dispute Related to Banking Services that filed the application for said Dispute Resolution Procedures files an action for the claims which were the subject matter of said Dispute Resolution Procedures within one month from the day on which he/she receives notice of the termination, with regard to the interruption of prescription, it shall be deemed that an action has been filed at the time when the claim was made through the Dispute Resolution Procedures.

(2) The provisions of the preceding paragraph shall also apply in cases where the abolition of Dispute Resolution, etc. of a Designated Dispute Resolution Organization has been authorized under Article 52-83, paragraph (1) or the designation under Article 52-62, paragraph (1) has been rescinded under Article 52-84, paragraph (1) and there is a Dispute Related to Banking Services for which Dispute Resolution Procedures had been implemented as of the day of authorization or rescission, when the Party to the Dispute Related to Banking Services that had filed an application for Dispute Resolution Procedures files an action for the claims which were the subject matter of the Dispute Resolution Procedures within one month from the day on which said Party received the notice under Article 52-83, paragraph (3) or Article 52-84, paragraph (3) or the day on which the Party came to know of the authorization or rescission whichever comes earlier.

(Suspension of Court Proceeding(s))

Article 52-75 (1) In cases where a suit is pending between the Parties to a Dispute Related to Banking Services with regard to said Dispute Related to Banking Services, when there are any of the following grounds and the Parties to said Dispute Related to Banking Services have filed a joint petition, the

court in charge of the case may make a decision to the effect that the court proceeding(s) shall be suspended for a fixed period of not longer than four months:

- (i) That, with regard to the relevant Dispute Related to Banking Services, Dispute Resolution Procedures have been implemented between the Parties to the Dispute Related to Banking Services; and
 - (ii) In addition to the case referred to in the preceding item, that an agreement to achieve a resolution of the relevant Dispute Related to Banking Services through Dispute Resolution Procedures has been reached between the Parties to the Dispute Related to Banking Services.
- (2) The court in charge of the case may rescind the decision under the preceding paragraph at any time.
- (3) No appeal may be entered against a decision dismissing the application under paragraph (1) or a decision rescinding the decision under paragraph (1).

(Public Inspection of the Registry of Member Banks)

Article 52-76 A Designated Dispute Resolution Organization shall make the registry of the Member Banks available for public inspection.

(Restriction on Use of Name)

Article 52-77 A person who is not a Designated Dispute Resolution Organization (excluding persons who have been designated under Article 156-39, paragraph (1) of the Financial Instruments and Exchange Act and any other persons specified by Cabinet Order as those similar thereto) shall not use any term in its name or trade name that is likely to mislead people to understand that said person is a Designated Dispute Resolution Organization.

Section 3 Supervision

(Notification of Change)

- Article 52-78 (1) When there are any changes in the matters listed in the items of Article 52-63, paragraph (1), a Designated Dispute Resolution Organization shall notify the Prime Minister to that effect.
- (2) When the Prime Minister receives a notification of the changes to the trade name or name of the Designated Dispute Resolution Organization or to the location of the principal business office or office thereof, he/she shall give public notice to that effect in the official gazette.

(Notification of the Conclusion, etc. of a Basic Contract for Implementation of Dispute Resolution Procedures)

Article 52-79 When a Designated Dispute Resolution Organization falls under

any of the following items, it shall notify the Prime Minister to that effect pursuant to the provisions of Cabinet Office Ordinance:

- (i) At the time when the Designated Dispute Resolution Organization has concluded a Basic Contract for Implementation of Dispute Resolution Procedures with a Bank or has terminated said Basic Contract for Implementation of Dispute Resolution Procedures; or
- (ii) Other cases specified by Cabinet Office Ordinance.

(Submission of Report on Business)

Article 52-80 (1) A Designated Dispute Resolution Organization shall, for each business year, prepare a report on Dispute Resolution, etc. pertaining to the relevant business year and submit it to the Prime Minister.

- (2) The matters to be stated, the submission date, and any other necessary matters concerning the report under the preceding paragraph shall be specified by Cabinet Office Ordinance.

(Order for Production of Reports and On-Site Inspection)

Article 52-81 (1) When the Prime Minister finds it necessary for the fair and appropriate execution of the Dispute Resolution, etc., he/she may order a Designated Dispute Resolution Organization to make reports or submit materials concerning the business thereof, or have officials enter the business office or office or any other facilities of a Designated Dispute Resolution Organization to ask questions on the status of the business of said Designated Dispute Resolution Organization or inspect the books and documents or other articles of said Designated Dispute Resolution Organization.

- (2) When the Prime Minister finds it especially necessary for the fair and appropriate execution of Dispute Resolution, etc., he/she may, within the limit necessary, order the Member Bank of the Designated Dispute Resolution Organization or a person who has received entrustment of business from said Designated Dispute Resolution Organization to make reports or submit materials or have officials enter the business office or office or any other facilities of these persons, ask questions on the status of business of said Designated Dispute Resolution Organization, or inspect books and documents or other articles of these persons.
- (3) The officials who conduct the on-site inspection pursuant to the provisions of the preceding two paragraphs shall carry a certificate for identification and produce it to those concerned when requested.
- (4) The authority for on-site inspection under paragraphs (1) and (2) shall not be construed as that which has been granted for criminal investigation.

(Order to Improve Business Operations)

Article 52-82 (1) When the Prime Minister finds it necessary for ensuring the fair and appropriate execution of the Dispute Resolution, etc. with regard to the operations of Dispute Resolution, etc. of the Designated Dispute Resolution Organization, he/she may, within the limit necessary, order the relevant Designated Dispute Resolution Organization to take measures necessary for improvement of the operations of its business.

(2) In cases where a Designated Dispute Resolution Organization falls under any of the following items, when the Prime Minister wishes to give the order under the preceding paragraph, he/she shall consult with the Minister of Justice in advance:

(i) Cases where the Designated Dispute Resolution Organization has come to no longer satisfy the requirements set forth in Article 52-62, paragraph (1), items (v) to (vii) inclusive (limited to the part pertaining to the operation of Dispute Resolution Procedures, and the requirement set forth in item (vii) of that paragraph shall be one pertaining to the criteria listed in the items of Article 52-67, paragraph (4) or the items of paragraph (5) of that Article; hereinafter the same shall apply in this item) or where the Designated Dispute Resolution Organization is found to have likely come to no longer satisfy the requirements set forth in Article 52-62, paragraph (1), items (v) to (vii) inclusive; or

(ii) Cases where the Designated Dispute Resolution Organization has violated the provisions of Article 52-65, Article 52-66, Article 52-69 or Article 52-73 (limited to cases where such act of violation is that related to the operations of Dispute Resolution Procedures).

(Suspension or Abolition of the Dispute Resolution, etc.)

Article 52-83 (1) When a Designated Dispute Resolution Organization wishes to suspend (excluding the suspension on the grounds prescribed in the following paragraph) or abolish whole or part of its Dispute Resolution, etc., it shall obtain authorization from the Prime Minister.

(2) When a Designated Dispute Resolution Organization has suspended whole or part of its Dispute Resolution, etc. due to a natural disaster or on any other inevitable grounds, it shall immediately notify the Prime Minister to that effect with reasons attached thereto. The same shall apply when the Designated Dispute Resolution Organization recommences whole or part of the suspended Dispute Resolution, etc.

(3) A Designated Dispute Resolution Organization that has obtained the authorization for the suspension or abolition under paragraph (1) or that has carried out the suspension under the preceding paragraph shall notify the Parties for which Complaint Processing Procedures or Dispute Resolution Procedures (in cases where the Designated Dispute Resolution Organization

has been entrusted with the business from another Designated Dispute Resolution Organization or a person who has received a designation under the provisions of other Acts which is specified by Cabinet Order as being related to the business equivalent to Dispute Resolution, etc. (hereinafter collectively referred to as the "Entrusting Dispute Resolution Organization" in this paragraph), including procedures for processing the complaints of the Entrusting Dispute Resolution Organization related to the entrustment or procedures seeking the resolution of the dispute; the same shall apply in paragraph (3) of the following Article) have been implemented as of the day of said suspension or abolition, the Member Bank other than said Parties, and other Designated Dispute Resolution Organization(s), of the fact of the suspension or abolition within two weeks from the day of said suspension or abolition. The same shall apply when the Designated Dispute Resolution Organization recommences whole or part of the suspended Dispute Resolution, etc.

(Rescission of Designation, etc.)

Article 52-84 (1) When a Designated Dispute Resolution Organization falls under any of the following items, the Prime Minister may rescind the designation under Article 52-62, paragraph (1) or order the suspension of whole or part of its business by specifying a period of not longer than six months:

- (i) When the Designated Dispute Resolution Organization has come to no longer satisfy the requirements listed in Article 52-62, paragraph (1), items (ii) to (vii) inclusive, or the Designated Dispute Resolution Organization is found to have not fallen under any of the items of that paragraph at the time when receiving the designation;
- (ii) When the Designated Dispute Resolution Organization has received the designation under Article 52-62, paragraph (1) by wrongful means; or
- (iii) When the Designated Dispute Resolution Organization has violated laws and regulations or a disposition under laws and regulations.

(2) In cases where a Designated Dispute Resolution Organization falls under any of the following items, when the Prime Minister wishes to make a disposition or order under the preceding paragraph, he/she shall consult with the Minister of Justice in advance:

- (i) Cases where the Designated Dispute Resolution Organization has come to no longer satisfy the requirements listed in Article 52-62, paragraph (1), items (v) to (vii) inclusive (limited to the part pertaining to the operations of Dispute Resolution Procedures, and the requirement set forth in item (vii) of that paragraph shall be limited to one related to the criteria listed in the items of Article 52-67, paragraph (4) or the items of paragraph (5) of that Article; hereinafter the same shall apply in this item), or the Designated

- Dispute Resolution Organization is found not to have satisfied the requirements set forth in Article 52-62, paragraph (1), items (v) to (vii) inclusive at the time of receiving the designation under Article 52-62, paragraph (1); or
- (ii) cases where the Designated Dispute Resolution Organization has violated the provisions of Article 52-65, Article 52-66, Article 52-69, or Article 52-73 (limited to cases where such act of violation is one related to the operation of Dispute Resolution Procedures).
- (3) Any person who has received a disposition for rescission of the designation under Article 52-62, paragraph (1) or an order for suspension of whole or part of its business pursuant to the provisions of paragraph (1) shall, within two weeks from the day of said disposition or order, notify the Parties for which Complaint Processing Procedures or Dispute Resolution Procedures had been implemented as of the day of said disposition or order, a Member Bank other than the Parties, and other Designated Dispute Resolution Organization to the effect that he/she has received the disposition or order.

Chapter VIII Miscellaneous Provisions

(Matters to be Notified)

Article 53 (1) A Bank shall, when it falls under any of the following items, notify the Prime Minister to that effect pursuant to the provisions of Cabinet Office Ordinance:

- (i) When it commences its operations;
- (ii) When it wishes to have a company falling under the category specified in Article 16-2, paragraph (1), item (xi) or (xii) (excluding that for which Article 16-2, paragraph (4) provides that in order to have such a company as its Subsidiary Company, a Bank is required to obtain authorization) become its Subsidiary Company (excluding the case where it wishes to do so by conducting a merger or company split or acquiring business from said company with the authorization granted under Article 30, paragraphs (1) to (3) inclusive of this Act or Article 5, paragraph (1) (Authorization) of Act on Mergers and Conversions in Financial Institutions);
- (iii) When its Subsidiary Company ceases to be its Subsidiary Company (excluding the case of company split or transfer of business conducted with the authorization granted under Article 30, paragraph (2) or (3)), or its Subsidiary Company which falls under the category of Bank, etc. Eligible to be a Subsidiary Company set forth in Article 16-2, paragraph (4) ceases to be a Bank, etc. Eligible to be a Subsidiary Company;
- (iv) When it intends to increase the amount of its stated capital;
- (v) When it implements something for which it has obtained authorization

- under the provisions of this Act;
- (vi) When it intends to establish its representative office in a foreign state;
 - (vii) When its voting rights that exceed five hundredths of the voting rights of all shareholders are acquired or come to be held by a single shareholder; or,
 - (viii) When it falls under any other case specified by Cabinet Office Ordinance (or Cabinet Office Ordinance and Ordinance of the Ministry of Finance regarding the matters concerning the system for disposal of failed financial institutions and concerning financial risk management).
- (2) A Bank's Major Shareholder (including a person who had been a Bank's Major Shareholder) shall, when he/she falls under any of the following items, notify the Prime Minister to that effect pursuant to the provisions of Cabinet Office Ordinance:
- (i) When the holder becomes a Bank's Major Shareholder under the authorization set forth in Article 52-9, paragraph (1), or the holder is established as a Bank's Major Shareholder under that authorization;
 - (ii) When the holder comes to hold more than fifty hundredths of the voting rights of all of the Bank's shareholders;
 - (iii) When the holder ceases to hold voting rights in the Bank which amount to the Lowest Threshold for a Major Shareholder or more (excluding the case mentioned in item (v));
 - (iv) When the holder ceases to hold more than fifty hundredths of the voting rights of all of the Bank's shareholders (excluding the cases mentioned in the preceding item and the following item);
 - (v) When the holder dissolves (including the case where a court judgment nullifying the establishment, share transfer, merger (limited to a merger having resulted in establishment of a company or other juridical person that holds voting rights in the Bank which amount to the Lowest Threshold for a Major Shareholder or more) or incorporation-type split pertaining to the holder has become final and binding);
 - (vi) When the holder's voting rights that exceed fifty hundredths of the voting rights of all of its shareholders are acquired or come to be held by a single shareholder; or;
 - (vii) When the holder falls under any other case specified by Cabinet Office Ordinance.
- (3) A Bank Holding Company (including a company which had been a Bank Holding Company) shall, when it falls under any of the following items, notify the Prime Minister to that effect pursuant to the provisions of Cabinet Office Ordinance:
- (i) When it becomes a Bank Holding Company under the authorization set forth in Article 52-17, paragraph (1), or it is established as a Bank Holding Company under that authorization;

- (ii) When it ceases to be a Holding Company which has a Bank as its Subsidiary Company (excluding the case mentioned in item (v));
 - (iii) When it intends to have a company falling under the category specified in Article 52-23, paragraph (1), item (x) or (xi) (excluding that for which Article 52-23, paragraph (3) provides that in order to have such a company as its Subsidiary Company, a Bank Holding Company is to obtain authorization) become its Subsidiary Company (excluding the case where it intends to do so by conducting a Merger or company split or acquiring business from that company with the authorization granted under Article 52-35, paragraphs (1) to (3) inclusive of this Act);
 - (iv) When its Subsidiary Company ceases to be its Subsidiary Company (excluding the case of company split or transfer of business conducted with the authorization granted under Article 52-35, paragraph (2) or (3) or the case mentioned in item (ii)), or its Subsidiary Company which falls under the category of Bank, etc. Eligible to be a Subsidiary Company set forth in Article 52-23, paragraph (3) ceases to be a Bank, etc. Eligible to be a Subsidiary Company, or a Specified Bank Holding Company Subsidiary which falls under the category of Companies Eligible to be Special Subsidiary Companies ceases to fall under the category of said Companies Eligible to be Special Subsidiary Companies;
 - (v) When it has dissolved (including the case where a court judgment nullifying the establishment, share transfer, merger (limited to a merger having resulted in establishment of a Bank Holding Company) or incorporation-type split pertaining to the holder has become final and binding);
 - (vi) When it intends to change the amount of its stated capital;
 - (vii) When it implements something for which it has obtained authorization (excluding authorization referred to in item (i)) under the provisions of this Act;
 - (viii) When its voting rights that exceed five hundredths of the voting rights of all shareholders are acquired or come to be held by a single shareholder; or,
 - (ix) When the holder falls under any other case specified by Cabinet Office Ordinance.
- (4) A Bank Agent shall, when it commences to conduct Bank Agency Services or it falls under any other case specified by Cabinet Office Ordinance, notify the Prime Minister to that effect pursuant to the provisions of Cabinet Office Ordinance:
- (5) The provisions of Article 2, paragraph (11) shall apply mutatis mutandis to voting rights in a Bank, a Bank's Major Shareholder or Bank Holding Company acquired or held by a single shareholder referred to in item (vii) of paragraph (1), item (vi) of paragraph (2) or item (viii) of paragraph (3).

(Conditions on Authorization, etc.)

Article 54 (1) The Prime Minister may impose conditions on the authorizations or approvals (referred to as "Authorization, etc." in the following paragraph) to be granted under the provisions of this Act and change them.

(2) The conditions set forth in the preceding paragraph shall, in light of the purpose of the Authorization, etc., be the minimum necessary for ensuring assured implementation of matters pertaining to the Authorization, etc.

(Lapse of Authorization)

Article 55 (1) When a Bank, a Bank's Major Shareholder (including a person who has obtained the authorization for establishment under Article 52-9, paragraph (1)) or a Bank Holding Company (including a person who has obtained the authorization under Article 52-17, paragraph (1)) does not implement something for which it or he/she has obtained authorization under the provisions of this Act within six months from the day when it or he/she has obtained the authorization, the authorization shall lose its effect; provided, however, that this shall not apply to the case where there is an unavoidable reason and the approval of the Prime Minister has been obtained in advance.

(2) In addition to what is provided for in the preceding paragraph, the authorization referred to in Article 52-9, paragraph (1) or the proviso to Article 52-9, paragraph (2) (hereinafter referred to as the "Major Shareholder's Authorization" in this paragraph) shall lose its effect, when the Bank's Major Shareholder pertaining to which the Major Shareholder's Authorization has been granted ceases to hold voting rights in the Bank that amount to the Lowest Threshold for a Major Shareholder or more, or the Bank's Major Shareholder or Bank Holding Company obtains the Authorization set forth in Article 52-17, paragraph (1) or the proviso to Article 52-17, paragraph (3), or Article 52-23, paragraph (3) or the proviso to Article 52-23, paragraph (4), for having the Bank pertaining to which the Major Shareholder's Authorization has been granted as its Subsidiary Company.

(3) In addition to what is provided for in paragraph (1), the authorization referred to in Article 52-17, paragraph (1) or the proviso to Article 52-17, paragraph (3) shall lose its effect when the Bank Holding Company pertaining to which the authorization has been granted ceases to be a Holding Company which has a Bank as its Subsidiary Company.

(Public Notice by the Prime Minister)

Article 56 In the following cases, the Prime Minister shall give public notice in the official gazette thereof:

(i) When he/she orders suspension of the whole or part of the business of a Bank under Article 26, paragraph (1) or Article 27;

- (ii) When he/she rescinds the license set forth in Article 4, paragraph (1) under Article 27 or Article 28;
- (iii) When the license granted to a Bank under Article 4, paragraph (1) loses its effect by reason that the Bank falls under the condition specified in Article 41, item (iv);
- (iv) When the license set forth in Article 4, paragraph (1) granted to a Foreign Bank loses its effect under Article 50;
- (v) When he/she rescinds the authorization set forth in Article 52-9, paragraph (1) or the proviso to Article 52-9, paragraph (2) under Article 52-15, paragraph (1);
- (vi) When he/she rescinds the authorization set forth in Article 52-17, paragraph (1) or the proviso to Article 52-17, paragraph (3) under Article 52-34, paragraph (1);
- (vii) When he/she orders suspension of the whole or part of the business of a Bank which is a Subsidiary Company of a Bank Holding Company under Article 52-34, paragraph (1);
- (viii) When he/she orders suspension of the whole or part of the business of a Bank under Article 52-34, paragraph (4);
- (ix) When the authorization set forth in Article 52-9, paragraph (1) or the proviso to Article 52-9, paragraph (2), or Article 52-17, paragraph (1) or the proviso to Article 52-17, paragraph (3) loses its effect under the preceding Article;
- (x) When he/she rescinds the permission set forth in Article 52-36, paragraph (1) under Article 52-56, paragraph (1);
- (xi) When he/she orders a Bank Agent to suspend the whole or part of its Bank Agency Services under Article 52-56, paragraph (1);
- (xii) When the permission set forth in Article 52-36, paragraph (1) loses its effect under Article 52-57; or
- (xiii) When he/she rescinds the designation set forth in Article 52-62, paragraph (1) under Article 52-84, paragraph (1).

(Method of Public Notice by Bank, etc.)

Article 57 A Bank or Bank Holding Company shall specify any of the following methods as the Method of Public Notice in its articles of incorporation:

- (i) Publication in a daily newspaper which publishes matters on current events;
or
- (ii) Electronic Public Notice.

(Period for Public Notice to Be Given by Electronic Public Notice)

Article 57-2 (1) When a Bank or Bank Holding Company gives public notice pursuant to the provisions of this Act or any other Act (excluding public notice

given pursuant to the provisions of the Companies Act) by means of Electronic Public Notice, it shall give the public notice by means of Electronic Public Notice on a continuous basis until the date specified in the following items for the categories of public notice set forth respectively in those items:

- (i) Public notice to the effect that objections may be stated within the period specified therein: The day on which that period expires;
 - (ii) Public notice required under the first sentence of Article 16, paragraph (1): The day on which the Bank resumes whole or part of its business at the business office where it has temporarily suspended whole or part of its business;
 - (iii) Public notice required under the second sentence of Article 16, paragraph (1): The day on which one month has elapsed from the day on which the Bank resumed whole or part of its business at the business office where it had temporarily suspended whole or part of its business;
 - (iv) Public notice required under the provisions of Article 20, paragraph (4) or Article 52-28, paragraph (3): The day on which five years have elapsed from the date of the commencement of Electronic Public Notice;
 - (v) Public notice other than that set forth in the preceding items: The day on which one month has elapsed from the date of the commencement of Electronic Public Notice.
- (2) The provisions of Article 940, paragraph (3) (Public Notice Period, etc. of Electronic Public Notice) of the Companies Act shall apply mutatis mutandis to the cases where a Bank or Bank Holding Company gives public notice pursuant to the provisions of this Act or any other Act (excluding public notice given pursuant to the provisions of the Companies Act) by means of Electronic Public Notice. In this case, any necessary technical replacement of terms shall be specified by Cabinet Order.

(Application of the Provisions on Electronic Public Notice Investigations)

Article 57-3 With regard to application of the provisions of Article 941 (Electronic Public Notice Investigation) of the Companies Act, the term "the provisions of Article 440, paragraph (1)" in that Article shall be deemed to be replaced with "the provisions of Article 440, paragraph (1) of this Act and Article 16, paragraph (1), Article 20, paragraph (4) and Article 52-28, paragraph (3) of the Banking Act."

(Registration)

Article 57-4 A Bank or Bank Holding Company shall complete registration of the following matters:

- (i) When it wishes to take measures referred to in Article 20, paragraph (6), among matters necessary for receiving the information contained in Interim

Balance Sheet, etc., Interim Consolidated Balance Sheet, etc. and Consolidated Balance Sheet, etc. set forth in the Article 20, paragraph (6), those specified by Cabinet Office Ordinance; and

- (ii) When it wishes to take measures referred to in Article 52-28, paragraph (5), among matters necessary for allowing many and unspecified persons to receive the information contained in Interim Consolidated Balance Sheet, etc. and Consolidated Balance Sheet, etc. set forth in Article 52-28, paragraph (5), those specified by Cabinet Office Ordinance.

(Consultation with the Minister of Finance)

Article 57-5 When the Prime Minister finds that maintenance of an orderly credit system may be materially affected by the imposition of the following dispositions against a Bank, he/she shall consult with the Minister of Finance in advance about measures necessary for maintaining an orderly financial system:

- (i) Order to suspend the whole or part of the business of the Bank under the provisions of Article 26, paragraph (1), Article 27 or Article 52-34, paragraph (1) or (4); or
- (ii) Rescission of the license set forth in Article 4, paragraph (1) under the provisions of Article 27 or Article 28.

(Notice to the Minister of Finance)

Article 57-6 The Prime Minister shall, when he/she has reached any of the following dispositions, promptly notify the Minister of Finance thereof. The same shall apply to the case where he/she receives a notification filed under the provisions of Article 53, paragraph (1) (limited to that required under Article 53, paragraph (1), item (viii) and specified by Cabinet Office Ordinance and Ordinance of the Ministry of Finance):

- (i) Granting a license under Article 4, paragraph (1);
- (ii) Granting authorization under the provisions of Article 16-2, paragraph (4) (limited to case where the Bank wishes to have a Bank which falls under the category of failed financial institutions under Article 2, paragraph (4) of the Deposit Insurance Act (Act No. 34 of 1971) become its Subsidiary Company), Article 30, paragraphs (1) to (3) inclusive, Article 37, paragraph (1), Article 52-9, paragraph (1) or the proviso to Article 52-9, paragraph (2), Article 52-17, paragraph (1) or the proviso to Article 52-17, paragraph (3), or Article 52-35, paragraphs (1) to (3) inclusive;
- (iii) Giving an order under the provisions of Article 26, paragraph (1), Article 27, Article 52-5, Article 52-6, Article 52-9, paragraph (4), Article 52-13, Article 52-14, Article 52-15, paragraph (1), Article 52-17, paragraph (5), Article 52-33, paragraph (1) or (3) or Article 52-34, paragraph (1) or (4)

- (including the request of submission of an improvement plan);
- (iv) Rescinding a license set forth in Article 4, paragraph (1) under the provisions of Article 27 or Article 28; or
 - (v) Rescinding authorization set forth in Article 52-9, paragraph (1) or in the proviso to Article 52-9, paragraph (2) under the provisions of Article 52-15, paragraph (1) or rescission of an authorization set forth in Article 52-17, paragraph (1) or the proviso to Article 52-17, paragraph (3) under the provisions of Article 52-34, paragraph (1).

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

Article 57-7 (1) The Minister of Finance shall, when he/she finds it necessary for planning or framing a system in relation to the systems for disposal of failed financial institutions or financial risk management under his/her jurisdiction, request submission of materials and provisions of explanation necessary from the Prime Minister.

(2) The Minister of Finance shall, when and to the extent he/she finds it particularly necessary for planning or framing a system pertaining to Banks in relation to the systems for disposal of failed financial institutions or financial risk management under his/her jurisdiction, request submission of materials, explanations and other cooperation from a Bank, Bank's Major Shareholder, Bank Holding Company, Bank Agent or other relevant person.

(Delegation to Cabinet Office Ordinance)

Article 58 In addition to what is provided for in this Act, matters required for the implementation of this Act, including application procedures for licenses, permissions, authorizations, approvals or designations and procedures for submission of documents, shall be specified by Cabinet Office Ordinance.

(Delegation of Authority)

Article 59 (1) The Prime Minister shall delegate his/her authority under this Act (excluding that specified by Cabinet Order) to the Commissioner of the Financial Services Agency.

(2) The Commissioner of the Financial Services Agency may, pursuant to the provisions of Cabinet Order, delegate part of the authority that has been delegated pursuant to the provisions of the preceding paragraph to the Director-Generals of Local Finance Bureaus or Local Finance Branch Bureaus.

(Transitional Measures)

Article 60 When enacting, revising or abolishing an order based on this Act, the necessary transitional measures (including transitional measures concerning penal provisions) may be provided for by that order, to the extent considered

reasonably necessary for its enactment, revision or abolition.

Chapter IX Penal Provisions

Article 61 A person who falls under any of the following items shall be punished by imprisonment with work for not more than three years, a fine of not more than three million yen, or both:

- (i) A person who has engaged in Banking without obtaining a license, in violation of the provisions of Article 4, paragraph (1);
- (ii) A person who has obtained the license set forth in Article 4, paragraph (1) by wrongful means;
- (iii) A person who had another person engage in Banking, in violation of the provisions of Article 9;
- (iv) A person who has violated the provisions of Article 39, paragraph (1) of the Financial Instruments and Exchange Act as applied mutatis mutandis pursuant to Article 13-4, Article 52-2-5 or Article 52-45-2 (hereinafter referred to as the "Financial Instruments and Exchange Act as Applied Mutatis Mutandis");
- (v) A person who has engaged in Bank Agency Services without obtaining permission, in violation of the provisions of Article 52-36, paragraph (1);
- (vi) A person who has obtained the permission set forth in Article 52-36, paragraph (1) by wrongful means; or
- (vii) A person who had another person engage in Bank Agency Services (in cases where it is applied mutatis mutandis pursuant to Article 52-2-10, a Foreign Bank Agency Service), in violation of the provisions of Article 52-41 (including the cases where it is applied mutatis mutandis pursuant to Article 52-2-10).

Article 61-2 In any of the following cases of violation, a person who has committed the violation shall be punished by imprisonment with work for not more than two years or a fine of not more than three million yen, or both:

- (i) When a person has become or established a Holding Company which has a Bank as its Subsidiary Company through any of the following transactions or acts without obtaining the authorization from the Prime Minister under Article 52-17, paragraph (1);
- (ii) When a person remained as a Holding Company which has a Bank as its Subsidiary Company after the Last Day of the Grace Period prescribed in Article 52-17, paragraph (3), in violation of the provisions of that paragraph; or
- (iii) When a person remained as a Holding Company which has a Bank as its Subsidiary Company in violation of an order under Article 52-17, paragraph

(5) or where a person remained as a Holding Company which has a Bank as its Subsidiary Company even after the period designated by the Prime Minister prescribed in Article 52-34, paragraph (2) in violation of the provisions of that paragraph.

Article 62 A person who falls under any of the following items shall be punished by imprisonment with work for not more than two years or a fine of not more than three million yen:

- (i) A person who has violated the conditions imposed pursuant to the provisions of Article 4, paragraph (4) or Article 52-38, paragraph (2); or
- (ii) A person who has violated an order to suspend the whole or part of its business under Article 26, paragraph (1), Article 27, Article 52-34, paragraph (1) or (4), or Article 52-56, paragraph (1).

Article 62-2 A person who falls under any of the following items shall be punished by imprisonment with work for not more than one year or a fine of not more than three million yen, or both:

- (i) A person who has entered false statements or records in a written application for designation under Article 52-63, paragraph (1) or documents to be attached thereto pursuant to paragraph (2) of that Article, or Electromagnetic Records and submitted them;
- (ii) A person who has violated the provisions of Article 52-69;
- (iii) A person who has failed to submit the reports under Article 52-80, paragraph (1) or submitted reports containing false statements;
- (iv) A person who has failed to make reports or submit materials under Article 52-81, paragraph (1) or (2) or who has made false reports or submitted false materials or who has failed to answer or has given a false answer to the questions asked by the official under these provisions or who has refused, hindered, or avoided the inspection under these provisions; or
- (v) A person who has violated the order under Article 52-82, paragraph (1).

Article 63 A person who falls under any of the following items shall be punished by imprisonment with work for not more than one year or a fine of not more than three million yen:

- (i) A person who has, in violation of the provisions of Article 19, Article 52-27 or Article 52-50, paragraph (1) (including the cases where it is applied mutatis mutandis pursuant to Article 52-2-10), failed to submit the documents prescribed in these provisions or submitted those documents without stating the matters to be stated or by making false statements therein;
- (i)-2 A person who has, in violation of the provisions of Article 20, paragraph

(4) or Article 52-28, paragraph (3), failed to give public notice under these provisions or, in violation of the provisions of Article 20, paragraph (6) or Article 52-28, paragraph (5), failed to take any of the measures specified by Cabinet Office Ordinance as those for making the information prescribed in those provisions accessible to many and unspecified persons by Electromagnetic Means, or has given public notice without stating the matters to be stated or with making false statements in the documents for which that public notice must be given, or has taken a measure for making the information recorded in the Electromagnetic Records accessible to many and unspecified persons by Electromagnetic Means without recording the matters to be recorded or recording false matters in the Electromagnetic Records;

- (i)-3 A person who has, in violation of the provisions of Article 21, paragraph (1) or (2), Article 52-2-6, paragraph (1), Article 52-29, paragraph (1) or Article 52-51, paragraph (1), failed to provide the documents prescribed in those provisions for public inspection or, in violation of the provisions of Article 21, paragraph (4) (including the case where it is applied mutatis mutandis pursuant to paragraph (5) of that Article; hereinafter the same shall apply in this item), Article 52-2-6, paragraph (2), Article 52-29, paragraph (3) or Article 52-51, paragraph (2), failed to take any of the measures specified by Cabinet Office Ordinance as those for making the information recorded in the Electromagnetic Records prescribed in Article 21, paragraph (4), Article 52-2-6, paragraph (2), Article 52-29, paragraph (3) or Article 52-51, paragraph (2) accessible to many and unspecified persons by Electromagnetic Means or, in violation of these provisions, provided the documents for public inspection without stating the matters to be stated or by making false statements in the documents, or has taken a measure for making the information recorded in the Electromagnetic Records accessible to many and unspecified persons by Electromagnetic Means without recording the matters to be recorded or recording false matters in the Electromagnetic Records;
- (ii) A person who has failed to submit the reports or materials under Article 24, paragraph (1) (including the case where it is applied mutatis mutandis pursuant to Article 43, paragraph (3)), Article 24, paragraph (2), Article 52-7, Article 52-11, Article 52-31, paragraph (1) or (2) or Article 52-53, or has submitted false reports or materials;
- (iii) A person who has failed to answer or has given a false answer to the questions asked by the officials under Article 25, paragraph (1) (including the case where it is applied mutatis mutandis pursuant to Article 43, paragraph (3)), Article 25, paragraph (2), Article 52-8, paragraph (1), Article 52-12, paragraph (1), Article 52-32, paragraph (1) or (2) or Article 52-54,

- paragraph (1), or has refused, hindered or avoided the inspection under these provisions;
- (iv) A person who has violated an order under Article 43, paragraph (1) (including the case where it is applied mutatis mutandis pursuant to paragraph (2) of that Article);
 - (v) A person who has refused, hindered or avoided the inspection under Article 45, paragraph (3) or violated an order under that Article;
 - (vi) A person who has failed to answer or has given a false answer to the questions asked by the officials under Article 25, paragraph (1) as applied mutatis mutandis pursuant to Article 46, paragraph (3), or has refused, hindered or avoided the inspection under that paragraph;
 - (vi)-2 A person who has engaged in Foreign Bank Agency Services without obtaining the authorization from the Prime Minister under Article 52-2, paragraph (1);
 - (vii) A person who has violated an order (excluding an order to dismiss a director, executive officer, accounting advisor, or auditor or to suspend the whole or part of the business) under Article 52-34, paragraph (1);
 - (viii) A person who has submitted an application under Article 52-37, paragraph (1) or documents to be attached thereto pursuant to the provisions of paragraph (2) of that Article by making false statements;
 - (ix) A person who has engaged in business activities other than Bank Agency Services and those incidental to Bank Agency Services without obtaining the approval under Article 52-42, paragraph (1); or
 - (x) A person who has violated the conditions (limited to those pertaining to the authorization under Article 52-17, paragraph (1) or the proviso to Article 52-17, paragraph (3)) imposed pursuant to the provisions of Article 54, paragraph (1).

Article 63-2 A person who falls under any of the following items shall be punished by imprisonment with work for not longer 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 13-3 (limited to the part pertaining to item (i)) or Article 52-45 (limited to the part pertaining to item (i), and including the cases where it is applied mutatis mutandis pursuant to Article 52-2-10) for the purpose of securing the interest of a person other than customers (including a Bank or a Bank Agent) or giving damage to a customer;
- (ii) A person who has, in violation of the provisions of Article 52-64, paragraph (1), divulged to another person or misappropriated any confidential information learned during the course of his/her duties for his/her own interest.

Article 63-2-2 A person who has violated the provisions of Article 39, paragraph (2) of the Financial Instruments and Exchange Act as Applied Mutatis Mutandis shall be punished by imprisonment with work for not more than one year or a fine of not more than one million yen, or both.

Article 63-2-3 In the case referred to in the preceding Article, the property benefit received by the offender or a third person who knows the circumstances shall be confiscated. Where it is not possible to confiscate the whole or part of it, the value thereof shall be collected.

Article 63-2-4 A person who falls under any of the following items shall be punished by imprisonment with work for not more than six months or a fine of not more than 500,000 yen, or both:

- (i) A person who has failed to indicate the matters prescribed in Article 37, paragraph (1) (excluding item (ii)) of the Financial Instruments and Exchange Act as Applied Mutatis Mutandis or has indicated false matters;
- (ii) A person who has violated the provisions of Article 37, paragraph (2) of the Financial Instruments and Exchange Act as Applied Mutatis Mutandis;
- (iii) A person who has, in violation of the provisions of Article 37-3, paragraph (1) (excluding items (ii) and (vi)) of the Financial Instruments and Exchange Act as Applied Mutatis Mutandis, failed to deliver the document, or has delivered a document without stating the matters prescribed in that paragraph or has made false statements therein, or a person who has provided documents that lack said matters by the method prescribed in Article 34-2, paragraph (4) of the Financial Instruments and Exchange Act as applied mutatis mutandis pursuant to Article 37-3, paragraph (2) of the Financial Instruments and Exchange Act as Applied Mutatis Mutandis or has provided false matters; or
- (iv) A person who has failed to deliver the document under Article 37-4, paragraph (1) of the Financial Instruments and Exchange Act as Applied Mutatis Mutandis or has delivered a document with false statements therein, or a person who has provided false matters by the method prescribed in Article 34-2, paragraph (4) of the Financial Instruments and Exchange Act as applied mutatis mutandis pursuant to Article 37-4, paragraph (2) of the Financial Instruments and Exchange Act as Applied Mutatis Mutandis.

Article 63-2-5 A person who has failed to prepare or preserve records under the provisions of Article 52-71 or Article 52-73, paragraph (9) or who has prepared false records shall be punished by a fine of not more than one million yen.

Article 63-2-6 A person who has suspended or terminated the whole or part of Dispute Resolution, etc. without obtaining the authorization set forth in Article 52-83, paragraph (1) shall be punished by a fine of not more than 500,000 yen.

Article 63-3 A person who falls under any of the following items shall be punished by a fine of not more than 300,000 yen:

- (i) A person who has, in violation of the provisions of Article 955, paragraph (1) (Statements, etc. in an Investigation Record Books, etc.) of the Companies Act as applied mutatis mutandis pursuant to Article 49-2, paragraph (2), failed to state or record the matters specified by Cabinet Office Ordinance concerning the electronic public notice investigations prescribed in Article 955, paragraph (1) of that Act or has stated or recorded false matters in the investigation record book, etc. (meaning the investigation record book, etc. prescribed in that paragraph; hereinafter the same shall apply in this item) or has, in violation of the provisions of that paragraph, failed to retain the investigation record book, etc.;
- (ii) A person who has failed to give the notification under Article 52-39, paragraph (2), Article 52-52, Article 52-78, paragraph (1), Article 52-79 or Article 52-83, paragraph (2) or has given a false notification;
- (iii) A person who has violated the provisions of Article 52-40, paragraph (1) (including the cases where it is applied mutatis mutandis pursuant to Article 52-2-10: the same shall apply in the following item);
- (iv) A person who has, in violation of the provisions of Article 52-40, paragraph (2) (including the cases where it is applied mutatis mutandis pursuant to Article 52-2-10), posted the sign set forth in Article 52-40, paragraph (1) or a sign similar thereto;
- (v) A person who has failed to make a report under Article 52-68, paragraph (1) or has made a false report; or
- (vi) A person who has failed to give the notice under Article 52-83, paragraph (3) or Article 52-84, paragraph (3) or has given a false notice.

Article 64 (1) When the representative person of a juridical person (including an organization that is not a juridical person and that has rules concerning the representative person or an administrator; hereinafter the same shall apply in this paragraph) or an agent, an employee or other worker of a juridical person or an individual has violated any of the provisions listed in the following items concerning the business or property of such juridical person or individual, not only the offender shall be punished, but also that juridical person shall be punished by the fine set forth respectively in those items and that individual shall be punished by the fine specified in the respective Articles:

- (i) Article 61, item (iv) or Article 62: A fine of not more than 300 million yen;

- (ii) Article 62-2 (excluding item (ii)), Article 63, items (i) to (iv) inclusive, (vii), (viii) or (x) or Article 63-2, item (i): A fine of not more than 200 million yen;
 - (iii) Article 63-2-2: A fine of not more than 100 million yen; and
 - (iv) Article 61 (excluding item (iv)), Article 61-2, Article 62-2, item (ii), Article 63, items (v) to (vi)-2 inclusive or (ix), Article 63-2, item (ii) or Article 63-2-4 to the preceding Article inclusive: The fine prescribed in each Articles.
- (2) In the case where an organization that is not a juridical person is punished pursuant to the provisions of the preceding paragraph, the representative person or an administrator thereof shall represent that organization with regard to the relevant procedural act, and the provisions of Acts concerning criminal procedure in the cases where a juridical person is the accused or a suspect shall apply mutatis mutandis.

Article 65 In any of the following cases, the director, executive officer, accounting advisor or the members who are to perform the duties of the accounting advisors, auditor, manager or liquidator of the Bank (including a company that had been said Bank in the case where the license from the Prime Minister set forth in Article 4, paragraph (1) lost its effect as a result of the Bank falling under any of Article 41, items (i) to (iii) inclusive), the representative person, agent or manager of the Foreign Bank, the Major Holder of Voting Rights in the Bank (including a person who had been a Major Holder of Voting Rights in the Bank in the case where the Major Holder of Voting Rights in the Bank became a person who is no longer a Major Holder of Voting Rights in the Bank and, when the Major Holder of Voting Rights in the Bank is a Juridical Person, etc. (meaning any juridical person and any organization without juridical personality specified in Article 3-2, paragraph (1), item (i); hereinafter the same shall apply in this Article), it shall be the director, executive officer, accounting advisor or the members who are to perform the duties of the accounting advisors, auditor, representative person, administrator, manager, member who executes the operation, or liquidator of said Juridical Person, etc.), the Bank's Major Shareholder (including a person who had been the Bank's Major Shareholder in the case where the major shareholder of the Bank became a person who is no longer the Bank's Major Shareholder and, when the Bank's Major Shareholder is a Juridical Person, etc., it shall be the director, executive officer, accounting advisor or the members who are to perform the duties of the accounting advisors, auditor, representative person, administrator, manager, member who executes the operation, or liquidator of said Juridical Person, etc.), the Specified Major Shareholder (including a person who had been the Specified Major Shareholder in the case where the Specified Major Shareholder became a person who is no longer a holder of voting rights in the Bank that amount to the Lowest

Threshold for a Major Shareholder or more and, when the Specified Major Shareholder is a Juridical Person, etc., it shall be the director, executive officer, accounting advisor or the members who are to perform the duties of the accounting advisors, auditor, representative person, administrator, manager, member who executes the operation, or liquidator of said Juridical Person, etc.), the director, executive officer, accounting advisor or the members who are to perform the duties of the accounting advisors, auditor, manager, or liquidator of the Bank Holding Company (including a company that had been the Bank Holding Company in the case where the Bank Holding Company became a company that is no longer a Bank Holding Company), the director, executive officer, accounting advisor or the members who are to perform the duties of the accounting advisors, auditor, manager, member who executes the operation, or liquidator of the Specified Holding Company (including a company that had been the Specified Holding Company in the case where the Specified Holding Company became a company that is no longer a Holding Company which has a Bank as its Subsidiary Company), or the Bank Agent (when the Bank Agent is a juridical person, it shall be the director, executive officer, accounting advisor or the members who are to perform the duties of the accounting advisors, auditor, board member, inspector, representative person, member who executes the operation, or liquidator of said Bank Agent) that has committed such act shall be punished by a fine of not more than one million yen:

- (i) When he/she has carried out the act prescribed in Article 5, paragraph (3), Article 6, paragraph (3), Article 8, paragraph (2) or (3) or Article 47-2 without obtaining the authorization therefor from the Prime Minister under these provisions;
- (ii) When he/she has engaged in the day-to-day business of another company in violation of the provisions of Article 7, paragraph (1) or Article 52-19, paragraph (1);
- (iii) When he/she has operated any other business in violation of the provisions of Article 12 or Article 52-21, paragraph (1);
- (iv) When he/she has, in violation of the provisions of Article 8, paragraph (1), Article 16, paragraph (1), Article 34, paragraph (1), Article 36, paragraph (1), Article 38, Article 49, Article 52, paragraph (1) or (3), Article 52-2, paragraph (2), Article 52-2-9, Article 52-39, paragraph (1), Article 52-47, Article 52-48, Article 52-61, paragraph (3) or Article 53, paragraphs (1) to (4) inclusive, failed to give the notification or the public notice or make the posting under these provisions or has given a false notification or a false public notice or has made a false posting;
- (v) When he/she has, in violation of the provisions of Article 16-2, paragraph (1), made a company other than the Companies Eligible to be a Subsidiary Companies prescribed in that paragraph (excluding the domestic companies

- prescribed in Article 16-3, paragraph (1)) its Subsidiary Company or has, in violation of the provisions of Article 52-23, paragraph (1), made a company other than the Companies Eligible to be a Subsidiary Companies prescribed in that paragraph (excluding the domestic companies prescribed in Article 52-24, paragraph (1)) its Subsidiary Company;
- (vi) When he/she has, without obtaining the authorization from the Prime Minister under Article 16-2, paragraph (4), made a Bank, etc. Eligible to be a Subsidiary Company prescribed in that paragraph its Subsidiary Company or has, without obtaining the authorization from the Prime Minister under paragraph (4) of that Article as applied mutatis mutandis pursuant to paragraph (6) of that Article, made any of the companies listed in the items of paragraph (1) of that Article its Subsidiary Company that falls under the category of a company specified in any other item among those items (limited to a Bank, etc. Eligible to be a Subsidiary Company prescribed in paragraph (4) of that Article);
 - (vii) When he/she has violated the provisions of Article 16-3, paragraph (1), the proviso to Article 16-3, paragraph (2), Article 52-24, paragraph (1) or the proviso to Article 52-24, paragraph (2);
 - (viii) When he/she has violated the conditions imposed pursuant to the provisions of Article 16-3, paragraph (3) or (5) or Article 52-24, paragraph (3) or (5); or
 - (ix) When he/she has failed to record a capital reserve or a retained earnings reserve in violation of the provisions of Article 18;
 - (x) When he/she has failed to submit an improvement plan in violation of the provisions of Article 26, paragraph (1), Article 52-14, paragraph (1) or Article 52-33, paragraph (1) or has violated an order (excluding an order to suspend the whole or part of the business) under Article 26, paragraph (1) or has violated an order under Article 29, Article 52-13, Article 52-14, Article 52-15, paragraph (1), Article 52-33, paragraph (1) or (3) or Article 52-55;
 - (xi) When he/she has transferred or acquired the business in violation of the provisions of Article 34, paragraph (5) (including the case where it is applied mutatis mutandis pursuant to Article 35, paragraph (3));
 - (xii) When he/she has failed to submit reports or materials under Article 48, Article 52, paragraph (2) or Article 52-2-8 or has submitted false reports or materials;
 - (xii)-2 When he/she has failed to seek the investigation set forth in Article 941 (Electronic Public Notice Investigation) of the Companies Act in violation of that Article as applied mutatis mutandis pursuant to Article 49-2, paragraph (2);
 - (xiii) When he/she has failed to make the submission or give the notification under Article 52-2-11, paragraph (1), Article 52-3, paragraph (1), (3) or (4),

- Article 52-4, paragraph (1) or (2), Article 52-5, Article 52-6, Article 52-9, paragraph (3) or Article 52-17, paragraph (2) or (4) or has made a false submission or has given a false notification;
- (xiv) When he/she has, without obtaining authorization from the Prime Minister under Article 52-9, paragraph (1), become a holder of voting rights in a Bank which amount to the Lowest Threshold for a Major Shareholder or more or has established a company or any other juridical person that is a holder of voting rights in a Bank which amount to the Lowest Threshold for a Major Shareholder or more through any of the transactions or acts listed in the items of that paragraph;
- (xv) When he/she has, in violation of the provisions of Article 52-9, paragraph (2) remained as a holder of voting rights in a Bank which amount to the Lowest Threshold for a Major Shareholder or more even after the Last Day of the Grace Period prescribed in that paragraph;
- (xvi) When he/she has, in violation of the provisions of Article 52-9, paragraph (4), remained as a holder of voting rights in a Bank which amount to the Lowest Threshold for a Major Shareholder or more or has, in violation of the provisions of Article 52-15, paragraph (2), remained as a holder of voting rights in a Bank which amount to the Lowest Threshold for a Major Shareholder or more even after the period designated by the Prime Minister as prescribed in that paragraph;
- (xvii) When he/she has, without obtaining authorization from the Prime Minister under Article 52-23, paragraph (3), made a Bank, etc. Eligible to be a Subsidiary Company prescribed in that paragraph its Subsidiary Company or has, without obtaining authorization from the Prime Minister under paragraph (3) of that Article where it is applied *mutatis mutandis* pursuant to paragraph (5) of that Article, made any of the companies listed in the items of paragraph (1) of that Article its Subsidiary Company that falls under the category of a company specified in any other item among those items (limited to a Bank, etc. Eligible to be a Subsidiary Company prescribed in paragraph (3) of that Article) or when he/she has made a Company Eligible to be a Special Subsidiary Company its Specified Bank Holding Company Subsidiary engaged in a Subject Business of a Special Subsidiary Company other than the Subject Business of a Special Subsidiary Company subject to the authorization set forth in Article 52-23-2, paragraph (3) without obtaining the authorization from the Prime Minister under that paragraph as applied *mutatis mutandis* pursuant to paragraph (6) of that Article;
- (xviii) When he/she has failed to carry out the management of property that should be carried out pursuant to the provisions of Article 52-43 (including the cases where it is applied *mutatis mutandis* pursuant to Article 52-2-10);

- (xix) When he/she has failed to prepare or retain books and documents under Article 52-49 (including the cases where it is applied mutatis mutandis pursuant to Article 52-2-10) or has created false books and documents;
- (xx) When he/she has violated the conditions imposed pursuant to the provisions of Article 54, paragraph (1) (limited to those pertaining to authorization under Article 8, paragraph (2) or (3), Article 16-2, paragraph (4) (including the case where it is applied mutatis mutandis pursuant to paragraph (6) of that Article), Article 30, paragraphs (1) to (3) inclusive, Article 37, paragraph (1), Article 47-2, Article 52-2, paragraph (1), Article 52-9, paragraph (1) or the proviso to Article 52-9, paragraph (2), Article 52-23, paragraph (3) (including the case where it is applied mutatis mutandis pursuant to paragraph (5) of that Article), Article 52-23-2, paragraph (3) (including the case where it is applied mutatis mutandis pursuant to paragraph (6) of that Article) or Article 52-35, paragraphs (1) to (3) inclusive); or
- (xxi) When he/she has failed to make the registration under Article 57-4.

Article 66 A person who falls under any of the following categories shall be punished by a fine of not more than one million yen:

- (i) A person who has, in violation of the provisions of Article 6, paragraph (2), used in its name or trade name, any term which would indicate that the person is a Bank;
- (ii) A person who has, in violation of the provisions of Article 946, paragraph (3) (Obligation, etc. of Investigation) of the Companies Act as applied mutatis mutandis pursuant to Article 49-2, paragraph (2), failed to make a report or has made a false report;
- (iii) A person who has refused without justifiable grounds any of the requests listed in the items of Article 951, paragraph (2) (Keeping and Inspection, etc. of Financial Statements, etc.) of the Companies Act or the items of Article 955, paragraph (2) (Statements, etc. in an Investigation Record Book, etc.) of that Act as applied mutatis mutandis pursuant to Article 49-2, paragraph (2); or
- (iv) A person who has violated the provisions of Article 52-76.

Article 67 A person who has, in violation of Article 52-77, used any term in its name or trade name that is likely to mislead people to understand that said person is a Designated Dispute Resolution Organization shall be punished by a non-criminal fine of not more than 100,000 yen.

Supplementary Provisions

(Effective Date)

Article 1 This Act shall come into effect as of the date specified by Cabinet Order within a period not exceeding one year from the day of promulgation; provided, however, that Article 9, paragraphs (1) and (2) of these Supplementary Provisions shall come into effect as of the day of promulgation.

(Transitional Measures Concerning Banking Licenses)

Article 2 A person who, when this Act comes into effect, holds the competent minister's license referred to in Article 2 of the Banking Act before the revision by this Act (hereinafter referred to as the "Former Act") (including a person who is deemed under Article 39, paragraph (2) of the Former Act, or other Act or an order issued thereunder, to hold the competent minister's license referred to in Article 2 of the Former Act, but excluding a person who holds the competent minister's license referred to in Article 2 of the Former Act under Article 32, paragraph (1) of the Former Act) shall be deemed to have obtained the Minister of Finance's license under Article 4, paragraph (1) of the Banking Act revised by this Act (hereinafter referred to as the "New Act") at the time when this Act comes into effect.

(Transitional Measures Concerning Amount of Capital)

Article 3 The provisions of Article 5, paragraph (1) of the New Act shall not apply to a Bank that is deemed, under the preceding Article, to have obtained the Minister of Finance's license referred to in Article 4, paragraph (1) of the New Act (hereinafter referred to as "Bank That Obtained Its License under the Former Act") and of which the amount of capital at the time when this Act comes into effect is less than the amount that is specified by Cabinet Order under the provisions of Article 5, paragraph (1) of the New Act, until the day on which five years have elapsed from the day when the Act comes into effect (hereinafter referred to as the "Effective Date").

(Transitional Measures Concerning Authorization Pertaining to Overseas Subsidiaries)

Article 4 (1) A Bank That Obtained Its License under the Former Act shall, if it, at the time when this Act comes into effect, holds shares of or equity in a foreign company as referred to in Article 9, paragraph (1) of the New Act in excess of the quantity or amount obtained by multiplying the total number of issued shares of, or the total amount of contribution to the foreign company by the rate provided by the Ordinance of the Ministry of Finance under Article 9, paragraph (1) of the New Act, notify the Minister of Finance to that effect within three months from the Effective Date.

(2) A Bank That Obtained Its License under the Former Act shall, if the

acquisition of shares or equity for which it has received the permission referred to in item (i) below, or for which it has made a notification referred to in item (ii) below, at the time when this Act comes into effect, falls under the category to which Article 9, paragraph (1) of the New Act is applicable, notify the Minister of Finance to that effect within three months from the Effective Date.

- (i) Permission granted under the provisions of Article 21, paragraph (2) (Capital Transactions for Which Permission of Minister of Finance is Required) of the Foreign Exchange and Foreign Trade Act (Act No. 228 of 1949);
 - (ii) Notification made under the provisions of Article 22, paragraph (1), item (iv) (Notification of Outward Direct Investment by Resident) of the Foreign Exchange and Foreign Trade Act (limited to the case where the period during which the acquisition of the shares or the equity pertaining to the notification is prohibited under the provisions of Article 23, paragraph (1) of that Act has already expired without receiving a recommendation from the Minister of Finance provided in Article 23, paragraph (2) of that Act (Examination on Contents of Capital Transactions and Recommendation to Change Thereof) or the case where said recommendation has been given with regard to the notification and the Bank has notified its acceptance of the recommendation under the provisions of Article 23, paragraph (4) of that Act).
- (3) A Bank That Obtained Its License under the Former Act that has made a notification under the provisions of the preceding two paragraphs shall be deemed to have obtained an authorization under Article 9, paragraph (1) of the New Act for the acquisition of shares or equity for which the notification is made.

Article 5 Deleted

(Transitional Measures Concerning Credit Extended to a Single Person)

Article 6 (1) With regard to credit extended as defined in the main clause of Article 13, paragraph (1) of the New Act to a single person by a Bank That Obtained Its License under the Former Act in an amount that exceeds the Limit on Extensions of Credit as defined in that provisions at the time when this Act comes into effect, the provisions of the main clause of that paragraph shall not apply for three months from the Effective Date.

(2) The provisions of Article 13 of the New Act shall not apply to a Branch Office of the Foreign Bank for five years from the Effective Date.

(Transitional Measures Concerning Credit Extended to Directors)

Article 7 The provisions of Article 14 of the New Act shall apply to granting of

credit referred to in Article 14, paragraph (1) of the New Act for which the director of the Bank obtains approval of the board of directors under Article 265 of the Commercial Code on or after the Effective Date, and the provisions then in force shall remain applicable to granting of credit for which the director of the Bank obtains approval of the board of directors under Article 265 of the Commercial Code before the Effective Date.

(Transitional Measures Concerning Temporary Suspension of Business, etc.)

Article 8 The provisions of Article 16 of the New Act shall apply to the case where a Bank temporarily suspends whole or part of its business at its business office or at its agency on or after the Effective Date, and the provisions then in force shall remain applicable to the cases where a Bank That Obtained Its License under the Former Act temporarily suspends its business or suspends the repayment of deposits before the Effective Date.

(Transitional Measures Concerning Accounting and Other Related Matters)

Article 9 (1) The fiscal year of a Bank that started from April 1981 may be changed to start from that month and to end in March 1982, in accordance with what is provided by the Minister of Finance.

(2) With regard to a Bank that decides to change its fiscal year starting from April 1981 as provided by the preceding paragraph, Article 8 of the Banking Act (Act No. 21 of 1927) shall apply by deeming the term "every accounting period" therein as being replaced with "the accounting period pertaining to the fiscal year"; and deeming the term "shall be set aside as retained earnings reserves" therein as being replaced with "and, when the distribution of money is conducted under Article 293-5, paragraph (1) of the Commercial Code, one fifth of the amount of the distributed money shall be set aside as retained earnings reserves."

(3) The phrase "Article 8 of the Banking Act (Act No. 21 of 1927) shall apply" in the preceding paragraph shall be deemed to be replaced with "Article 8 of the Former Act shall remain applicable under paragraph (1) of the following Article" on or after the Effective Date.

Article 10 (1) The provisions of Article 17 and Article 18 of the New Act shall apply to the fiscal year starting on or after April 1, 1982 and the reserves of retained earnings to be set aside therefor, and the provisions then in force shall remain applicable to the fiscal year starting before that date and the reserves of retained earnings to be set aside therefor.

(2) The provisions of Articles 19 to 22 inclusive of the New Act shall apply to documents referred to in these provisions pertaining to the fiscal year starting on or after April 1, 1982, and the provisions then in force shall remain

applicable to documents referred to in Articles 10 to 12-2 inclusive of the Former Act pertaining to the fiscal year starting before that date.

(Transitional Measures Concerning Rescission, etc. of License)

Article 11 The provisions of Article 27 of the New Act shall apply to suspension of business or dismissal of director or company auditor or rescission of the Prime Minister's license referred to in Article 4, paragraph (1) of the New Act ordered to or made with regard to a Bank related to an act performed by it on or after the Effective Date, and the provisions then in force shall remain applicable to suspension of business or dismissal of director or company auditor or rescission of the competent minister's license ordered to or made with regard to a Bank That Obtained Its License under the Former Act related to an act performed by it before the Effective Date.

(Transitional Measures Concerning Authorization of the Transfer or Acquisition of Commercial Pursuits, etc.)

Article 12 The provisions of Article 30, paragraph (3) or (4) of the New Act shall apply to the transfer of or acquisition of commercial pursuits or acquisition of undertakings approved by a resolution at a shareholders' meeting or board of directors' meeting which is held on or after the Effective Date.

(Transitional Measures Concerning Notice for Objections to Merger)

Article 13 The provisions of Article 33 of the New Act shall apply to a notice referred to in that Article in the case where a Bank passes a resolution for merger referred to in that Article on or after the Effective Date, and the provisions then in force shall remain applicable to a notice pertaining to such a resolution made before the Effective Date.

(Transitional Measures Concerning Procedures for Transfer or Acquisition of Business or Operation)

Article 14 (1) The provisions of Article 34 and Article 35 of the New Act shall apply to a public notice and notices as well as objections of creditors pertaining to a resolution of the shareholders' meeting or board of directors' meeting held on or after the Effective Date.

(2) The provisions of Article 36 of the New Act shall apply to transfer of operation pertaining to a resolution of the shareholders' meeting or board of directors' meeting held on or after the Effective Date.

(Transitional Measures Concerning Public Notice, etc. of Discontinuance of Banking, etc.)

Article 15 The provisions of Article 38 of the New Act shall apply to the case

where an authorization referred to in Article 37, paragraph (1) of the New Act is granted on or after the Effective Date, and the provisions then in force shall remain applicable to the case where an Authorization referred to in Article 25 of the Former Act is granted before the Effective Date.

(Transitional Measures Concerning Dissolution as a Result of Rescission of License, etc.)

Article 16 The provisions of Article 40, Article 42 and Article 56, item (ii) of the New Act shall apply to rescission of the competent minister's license made with regard to a Bank That Obtained Its License under the Former Act in the case where the provisions then in force shall remain applicable pursuant to Article 11 of these Supplementary Provisions, by deeming it as rescission of the Minister of Finance's license referred to in Article 4, paragraph (1) of the New Act made under Article 27 or Article 28 of the New Act.

(Transitional Measures Concerning Lapse of License)

Article 17 The provisions of Article 41, item (iv) of the New Act shall apply to the Prime Minister's license referred to in Article 4, paragraph (1) of the New Act that a Bank has obtained on or after the Effective Date, and the provisions then in force shall remain applicable to the competent minister's license referred to in Article 2 of the Former Act that a Bank That Obtained Its License under the Former Act has obtained before the Effective Date.

(Transitional Measures Concerning Transition into a Non-Banking Company, etc.)

Article 18 The provisions of Article 43 of the New Act shall apply to the case where a Bank falls under the condition specified in Article 41, item (i) of the New Act on or after the Effective Date and thereby the Prime Minister's license set forth in Article 4, paragraph (1) of the New Act loses its effect, and the case where a company other than a Bank, etc. succeeds to liabilities of any outstanding deposit or Installment Savings through merger after the Effective Date, and the provisions then in force shall remain applicable to the competent minister's supervision over a company to which the provisions of Article 26 of the Former Act applies at the time of the day before the Effective Date.

(Transitional Measures Concerning Appointment and Dismissal of and Supervision over Liquidator)

Article 19 The provisions of Article 44 and Article 45 of the New Act shall apply to the case where a Bank dissolves on or after the Effective Date, and the provisions then in force shall remain applicable to dismissal and appointment of and supervision over liquidator under Article 27, paragraph (2) and Article

28 as well as Article 29 of the Former Act pertaining to liquidation commencing before the Effective Date.

(Transitional Measures Concerning the Prime Minister's Opinion, etc. in the Liquidation Proceedings, etc.)

Article 20 The provisions of Article 46 of the New Act shall apply to liquidation proceedings, bankruptcy proceedings, composition proceedings, arrangement proceedings or reorganization proceedings commencing on or after the Effective Date for a Bank (including a company that had been a Bank before its dissolution), and the provisions then in force shall remain applicable to liquidation, bankruptcy or compulsory composition referred to in Article 30 and Article 31 of the Former Act commencing before the Effective Date.

(Transitional Measures Concerning Banking Licenses for Branch Offices of a Foreign Bank)

Article 21 (1) A person who, when this Act comes into effect, holds the competent minister's license referred to in Article 2 of the Former Act under the provisions of Article 32, paragraph (1) of the Former Act shall be deemed to have obtained the Minister of Finance's license referred to in Article 4, paragraph (1) of the New Act under Article 47, paragraph (1) of the New Act at the time when this Act comes into effect.

(2) A person who is deemed to hold the Minister of Finance's license referred to in Article 4, paragraph (1) of the New Act under the preceding paragraph shall notify the Minister of Finance of the name of its representative person of the Branch Office of the Foreign Bank pertaining to the license within three months from the Effective Date.

(Transitional Measures Concerning Submission, etc. of Materials by a Branch Office of the Foreign Bank)

Article 22 The provisions of Article 48, paragraph (1) of the New Act shall apply to submission of materials referred to in Article 48, paragraph (1) of the New Act pertaining to the fiscal year starting on or after April 1, 1982.

(Transitional Measures Concerning Notification, etc. of Establishment of the Representative Office of a Foreign Bank)

Article 23 A Foreign Bank which, when this Act comes into effect, has established a facility referred to in Article 52, paragraph (1) of the New Act shall notify the Minister of Finance of the contents of business, the location of the facility and other matters specified by Ordinance of the Ministry of Finance as required in that paragraph within three months from the Effective Date. In this case, said notification shall be deemed to be a notification made under that

paragraph.

(Transitional Measures Concerning Lapse of Authorization)

Article 24 The provisions of Article 55 of the New Act shall apply to an authorization granted to a Bank on or after the Effective Date, and the provisions then in force shall remain applicable to an authorization granted to a Bank That Obtained Its License under the Former Act before the Effective Date pursuant to a provisions of the Former Act for which the corresponding provisions exists in the New Act.

(Effect of Dispositions or Procedures Made under the Former Act, etc.)

Article 25 Except for those otherwise provided by these Supplementary Provisions, an authorization, approval or other disposition, or application or other procedures, granted, given, made or performed before the Effective Date under the provisions of the Former Act or an order thereunder for which the corresponding provisions exists in the New Act or an order thereunder shall be deemed as an authorization, approval or other disposition, or application or other procedures, granted, given, made or performed under the corresponding provisions of the New Act or an order.

(Transitional Measures Concerning Penal Provisions)

Article 26 With regard to the application of penal provisions to acts committed before this Act comes into effect, and acts committed after this Act comes into effect pertaining to matters to which the provisions previously in force shall remain applicable pursuant to the provisions of these Supplementary Provisions, the provisions in force before this Act comes into effect shall remain applicable.

(Delegation to Cabinet Order)

Article 27 In addition to what is provided for in Article 2 to the preceding Article inclusive of these Supplementary Provisions, transitional measures necessary for the implementation of this Act shall be specified by Cabinet Order.

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

This Act shall come into effect as of the day when the Act for Partial Revision of the Commercial Code, etc. comes into effect (October 1, 1982).

Supplementary Provisions [Act No. 78 of December 2, 1983]

(1) This Act (excluding Article 1) shall come into effect as of July 1, 1984.

(2) Transitional measures necessary for organizations, etc. which have been established under the provisions of Acts as of the day before the Effective Date of this Act and which shall also be established under the provisions of the National Government Organization Act or the provisions of Cabinet Order issued based on the provisions of a related Act revised by this Act (hereinafter referred to as a "Related Cabinet Order") on or after the Effective Date of this Act, and other transitional measures necessary for the establishment, revision or abolition of the Related Cabinet Order in accordance with the implementation of this Act may be specified by Cabinet Order.

Supplementary Provisions [Act No. 75 of May 31, 1988] [Extract]

(Effective Date)

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

(Transitional Measures for the Partial Revision of the Banking Act)

Article 40 A Bank which, when this Act comes into effect, has obtained the Minister of Finance's authorization by designating particulars and methods of its business operation under Article 5, paragraph (1) of the Supplementary Provisions of the Banking Act before the revision by the preceding Article shall be deemed to have obtained, at the time when this Act comes into effect, the Minister of Finance's authorization by designating the same particulars and methods of its business operation under Article 5, paragraph (1) of the Supplementary Provisions of the Banking Act after its revision by the preceding Article.

(Transitional Measures Concerning Penal Provisions)

Article 42 With regard to the application of penal provisions to acts committed before this Act comes into effect, and acts committed on or after this Act comes into effect pertaining to matters to which the provisions previously in force shall remain applicable under these Supplementary Provisions, the provisions in force before this Act comes into effect shall remain applicable.

(Delegation of Other Transitional Measures to Cabinet Order)

Article 43 In addition to what is provided for in these Supplementary Provisions, transitional measures necessary for the implementation of this Act shall be specified by Cabinet Order.

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

(Effective Date)

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

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

(Effective Date)

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

(Transitional Measures for the Partial Revision of the Banking Act and Other Acts)

Article 2 (1) A Bank, etc. (meaning a Bank, etc. as defined in Article 4, paragraph (5) of the Banking Act after its revision by Article 1 (hereinafter referred to as the "New Banking Act"); hereinafter the same shall apply in this Article) which, at the time when this Act comes into effect, holds shares (limited to voting shares) or equity (hereinafter shares or equity are collectively referred to as "Shares, etc.") of which the number or amount exceeds fifty hundredths of the total number of the issued shares (limited to voting shares) or the total amount of contribution (hereinafter the total number of issued shares and the total amount of contribution are collectively referred to as "Issued Shares, etc.") of a company falling under any of the categories listed in Article 16-4, paragraph (1), item (ii) of the New Banking Act (including the cases where it is applied mutatis mutandis pursuant to Article 17 of the Long-Term Credit Bank Act after its revision by Article 2 (hereinafter referred to as the "New Long-Term Credit Bank Act") or Article 11 of the Foreign Exchange Bank Act after its revision by Article 3 (hereinafter referred to as the "New Foreign Exchange Bank Act"); the same shall apply in the following paragraph) shall notify the Minister of Finance to that effect within three months from the day when the Act comes into effect (hereinafter referred to as the "Effective Date").

(2) A Bank, etc. shall, if it will come to hold Shares, etc. which exceed fifty hundredths of the Issued Shares, etc. of a company falling under any of the categories listed in Article 16-4, paragraph (1), item (ii) of the New Banking Act as a result of the acquisition of Shares, etc. (limited to an acquisition that has not been implemented at the time of the Effective Date) for which it has received the permission referred to in item (i) below, or has made a notification referred to in item (ii) below, at the time when this Act comes into effect, notify the Minister of Finance to that effect within three months from the Effective Date.

(i) Permission granted under the provisions of Article 21, paragraph (2) of the

- Foreign Exchange and Foreign Trade Act (Act No. 228 of 1949); and
- (ii) Notification made under the provisions of Article 22, paragraph (1), item (iv) of the Foreign Exchange and Foreign Trade Act (limited to the case where the period during which the acquisition of the Shares, etc. pertaining to the notification is prohibited under the provisions of Article 23, paragraph (1) of that Act has already expired without receiving a recommendation with regard to the notification from the Minister of Finance provided in Article 23, paragraph (2) of that Act or the case where said recommendation has been given with regard to the notification and the Bank, etc. has notified its acceptance of the recommendation under the provisions of Article 23, paragraph (4) of that Act).
- (3) The provisions of Article 16-2, paragraph (2) of the New Banking Act as applied mutatis mutandis pursuant to Article 16-4, paragraph (3) of the New Banking Act (including the cases where it is applied mutatis mutandis pursuant to Article 17 of the New Long-Term Credit Bank Act or Article 11 of the New Foreign Exchange Bank Act) shall apply to Shares, etc. acquired or held by a Bank, etc. in the case referred to in the preceding two paragraphs.
- (4) A Bank, etc. which makes a notification under the provisions of paragraph (1) or (2) shall be deemed to have obtained, at the time of the Effective Date, the authorization referred to in Article 16-4, paragraph (1) of the New Banking Act (including the cases where it is applied mutatis mutandis pursuant to Article 17 of the New Long-Term Credit Bank Act or Article 11 of the New Foreign Exchange Bank Act; the same shall apply in the following paragraph) with regard to acquisition or holding of the Shares, etc. pertaining to the notification.
- (5) An authorization, conditions on said authorization, an approval pertaining to said authorization or an application for said authorization granted, imposed or made before the Effective Date under the provisions of Article 9, paragraph (1) of the Banking Act before the revision by Article 1 (hereinafter referred to as the "Former Banking Act") (including the cases where it is applied mutatis mutandis pursuant to Article 17 of the Long-Term Credit Bank Act before the revision by Article 2 (hereinafter referred to as the "Former Long-Term Credit Bank Act") or Article 11 of the Foreign Exchange Bank Act before the revision by Article 3 (hereinafter referred to as the "Former Foreign Exchange Bank Act"), or under Article 9, paragraph (2) of the Former Banking Act (including the cases where it is applied mutatis mutandis pursuant to Article 17 of the Former Long-Term Credit Bank Act or Article 11 of the Former Foreign Exchange Bank Act)) shall be deemed to be an authorization, conditions on said authorization, an approval pertaining to said authorization or an application for said authorization, imposed or made under Article 16-4, paragraph (1) of the New Banking Act.

(Transitional Measures Concerning the Application of Penal Provisions)

Article 32 With regard to the application of penal provisions to acts committed before this Act comes into effect and acts committed after this Act comes into effect pertaining to matters to which the provisions previously in force are to remain applicable under the provisions of these Supplementary Provisions, the provisions in force before this Act comes into effect shall remain applicable.

(Delegation of Other Transitional Measures to Cabinet Order)

Article 33 In addition to what is provided for in Article 2 to the preceding Article inclusive of these Supplementary Provisions, transitional measures necessary for the implementation of this Act shall be specified by Cabinet Order.

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

This Act shall come into effect as of the day when the Act for Partial Revision of the Commercial Code, etc. comes into effect.

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

(Effective Date)

Article 1 This Act shall come into effect as of April 1, 1997; provided, however, that the provisions of paragraphs (1) and (2) of the following Article, Article 3, paragraphs (9) and (10), Article 9, paragraphs (7) and (8), Article 10, paragraphs (2) and (3), and Article 11 of these Supplementary Provisions shall come into effect as of the day of promulgation.

(Transitional Measures for Partial Revision of the Banking Act)

Article 2 (1) A Bank, Long-Term Credit Bank or foreign exchange bank may, even before the Effective Date, obtain the Minister of Finance's authorization under the provisions of Article 17-2, paragraph (1) of the Banking Act after its revision by Article 1 (hereinafter referred to as the "New Banking Act") (including the cases where it is applied mutatis mutandis pursuant to Article 17 of the Long-Term Credit Bank Act after its revision by Article 2 (hereinafter referred to as the "New Long-Term Credit Bank Act" in this Article) or Article 11 of the Foreign Exchange Bank Act after its revision by Article 3 (hereinafter referred to as the "New Foreign Exchange Bank Act" in this Article)).

(2) With regard to a person who obtained the Minister of Finance's authorization under the preceding paragraph, the authorization referred to in Article 17-2, paragraph (1) of the New Banking Act (including the Cases where it is applied mutatis mutandis pursuant to Article 17 of the New Long-Term Credit Bank

Act or Article 11 of the New Foreign Exchange Bank Act) shall be deemed to be granted at the time when this Act comes into effect.

(3) The provisions of Article 26, paragraph (2) of the New Banking Act (including the cases where it is applied mutatis mutandis pursuant to Article 17 of the New Long-Term Credit Bank Act, Article 11 of the New Foreign Exchange Bank Act, Article 89 of the Shinkin Bank Act after its revision by Article 4 (hereinafter referred to as the "New Shinkin Bank Act"), Article 94 of the Labor Bank Act after its revision by Article 5 (hereinafter referred to as the "New Labor Bank Act") and Article 6 of the Act on Financial Services by Cooperatives after its revision by Article 7 (hereinafter referred to as the "New Act on Financial Services by Cooperatives")) shall apply to the cases where an order under Article 26, paragraph (1) (including the cases where it is applied mutatis mutandis pursuant to Article 17 of the New Long-Term Credit Bank Act, Article 11 of the New Foreign Exchange Bank Act, Article 89 of the New Shinkin Bank Act, Article 94 of the New Labor Bank Act and Article 6 of the New Act on Financial Services by Cooperatives) (including a request for submission of an improvement plan) is given on or after April 1, 1998.

(Transitional Measures Concerning Application of Penal Provisions)

Article 12 With regard to the application of penal provisions to acts committed before the relevant revising provisions in this Act comes into effect and acts committed pertaining to matters to which the provisions previously in force shall remain applicable under these Supplementary Provisions after the relevant revising provisions in this Act comes into effect, the provisions in force before this Act comes into effect shall remain applicable.

(Delegation of Other Transitional Measures to Cabinet Order)

Article 13 In addition to what is provided for in Article 2 to the preceding Article inclusive of these Supplementary Provisions, transitional measures necessary for the implementation of this Act shall be specified by Cabinet Order.

Supplementary Provisions [Act No. 55 of May 21, 1997] [Extract]

(Effective Date)

Article 1 This Act shall come into effect as of June 1, 1997.

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

(Effective Date)

(1) This Act shall come into effect as of the day when the Act for Partial Revision of the Commercial Code, etc. (Act No. 71 of 1997) comes into effect.

(Transitional Measures)

- (2) With regard to a merger for which the merger contract is entered into before this Act comes into effect, the provisions then in force shall remain applicable even after this Act comes into effect.

(Transitional Measures Concerning Application of Penal Provisions)

- (3) With regard to the application of penal provisions to acts committed before this Act comes into effect and acts committed after this Act comes into effect the case where the provisions then in force shall remain applicable under the provisions of the preceding paragraph, the provisions then in force before this Act comes into effect shall remain applicable.

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

(Effective Date)

- Article 1 This Act shall come into effect as of the day when the Act for Establishment of the Financial Supervisory Agency (Act No. 101 of 1997) comes into effect.

(Transitional Measures Concerning Dispositions, etc. Given by the Minister of Finance)

- Article 2 (1) A license, permission, authorization, approval, designation or other disposition, or a notice or other act granted, made, given or performed by the Minister of Finance or other national organ under the provisions of the Secured Bonds Trust Act, the Trust Business Act, the Norinchukin Bank Act, the Mutual Loan Business Act, the Act for Simplification of Bank Administration, etc., the Act on Engagement in Trust Business by a Financial Institution, the Act on Prohibiting Private Monopolies and Ensuring Fair Trade, the Agricultural Cooperatives Act, the Securities and Exchange Act, the Act on the Non-Life Insurance Rating Organization of Japan, the Fisheries Cooperatives Act, the Small and Medium Sized Enterprise, etc., Cooperatives Act, the Act on Financial Services by Cooperative, the Ship Owner's Mutual Insurance Union Act, the Securities Investment Trust Act, the Shinkin Bank Act, the Long-Term Credit Bank Act, the Loan Trust Act, the Loan Security Act for Small and Medium-Scale Fishing Operations, the Credit Guarantee Corporation Act, the Labor Bank Act, the Foreign Exchange Bank Act, the Automobile Liability Security Act, the Agricultural Credit Guarantee Insurance Act, the Act on Mergers and Conversions in Financial Institutions, the Act on Foreign Securities Brokers, the Deposit Insurance Act, the Act on Promoting the Introduction of Industry into Agricultural Regions, Agricultural and Fishing

Cooperatives Savings Insurance Act, the Banking Act, the Act on Controls, etc. on Money Lending, the Act on Regulation, etc. of Securities Investment Advisory Services, the Act on Regulation, etc. of Mortgage Corporations, the Financial Futures Trading Act, the Act on Regulation, etc. of Advanced Payment Certificates, the Act on Regulation of Commodity Investment, the Act on Special Provisions on the Narcotics and Psychotropics Control Act, etc. and Other Matters for the Prevention of Activities Encouraging Illicit Conduct and Other Activities Involving Controlled Substances through International Cooperation, the Act on Regulation of Business Activities Concerning Specified Credits, etc., the Act Revising Acts Related to the Reform of the Financial and Securities Exchange Systems, the Act on Preferred Equity Investment by Cooperatively Structured Financial Institutions, the Real Estate Specified Joint Enterprise Act, the Insurance Services Act, the Act on Special Measures on Corporate Reorganization Proceedings and Other Insolvency Proceedings by Financial Institutions, the Act on Mergers between the Norinchukin Bank and Prefectural Credit Federations of Agricultural Cooperatives, the Bank of Japan Act or the Act on Special Measures Concerning Procedures for Mergers Involving Banks, etc. for Establishing Bank Holding Companies and Other Matters before their revision by this Act (hereinafter referred to as the "Former Secured Bonds Trust Act, etc.") shall be deemed to be a license, permission, authorization, approval, designation or other disposition, or a notice or other act granted, made, given or performed by the Prime Minister or other corresponding national organ pursuant to the corresponding provisions of the Secured Bonds Trust Act, the Trust Business Act, the Norinchukin Bank Act, the Mutual Loan Business Act, the Act for the Simplification of Bank Administration, etc., the Act on Engagement in Trust Business by a Financial Institution, the Act on Prohibiting Private Monopolies and Ensuring Fair Trade, the Agricultural Cooperatives Act, the Securities and Exchange Act, the Act on the Non-Life Insurance Rating Organization of Japan, the Fisheries Cooperatives Act, the Small and Medium Sized Enterprise, etc., Cooperatives Act, the Act on Financial Services by Cooperatives, the Ship Owner's Mutual Insurance Union Act, the Securities Investment Trust Act, the Shinkin Bank Act, the Long-Term Credit Bank Act, the Loan Trust Act, the Loan Security Act for Small and Medium-Scale Fishing Operations, the Credit Guarantee Corporation Act, the Labor Bank Act, the Foreign Exchange Bank Act, the Automobile Liability Security Act, the Agricultural Credit Guarantee Insurance Act, the Act on Mergers and Conversions in Financial Institutions, the Act on Foreign Securities Brokers, the Deposit Insurance Act, the Act to Promote the Introduction of Industry into Agricultural Regions, Agricultural and Fishing Cooperatives Savings Insurance Act, the Banking Act, the Act on Controls, etc. on Money Lending, the Act on Regulation, etc. of Securities

Investment Advisory Services, the Act on Regulation, etc. of Mortgage Corporations, the Financial Futures Trading Act, the Act on Regulation, etc. on Advanced Payment Certificates, the Act on Regulation of Commodity Investment, the Act on Special Provisions on the Narcotics and Psychotropics Control Act, etc. and Other Matters for the Prevention of Activities Encouraging Illicit Conduct and Other Activities Involving Controlled Substances through International Cooperation, the Act on Regulation of Business Activities Concerning Specified Credits, etc., the Act Revising Acts Related to the Reform of the Financial and Securities Exchange Systems, the Act on Preferred Equity Investment by Cooperatively Structured Financial Institutions, the Real Estate Specified Joint Enterprise Act, the Insurance Services Act, the Act on Special Measures on Corporate Reorganization Proceedings and Other Insolvency Proceedings by Financial Institutions, the Act on Mergers between the Norinchukin Bank and Prefectural Credit Federations of Agricultural Cooperatives, the Bank of Japan Act or the Act on Special Measures Concerning Procedures for Mergers Involving Banks, etc. for Establishing Bank Holding Companies and Other Matters after its revision by this Act (hereinafter referred to as the "New Secured Bonds Trust Act, etc.")).

- (2) An application, notification or other act having been filed or made to the Minister of Finance or other national organ under the provisions of the Former Secured Bonds Trust Act, etc. at the time when this Act comes into effect shall be deemed to be an application, notification or other act filed or made to the Prime Minister or other corresponding national organ pursuant to the corresponding provisions of the New Secured Bonds Trust Act, etc.
- (3) With regard to matters for which it is required to report, notify, or submit to, or take other procedure before, the Minister of Finance or other national organ under the provisions of the Former Secured Bonds Trust Act, etc. but has not been made before the day on which this Act comes into effect, the relevant provisions of the New Secured Bonds Trust Act, etc. shall apply by deeming the matter for which it is required to report, notify, or submit to, or take other procedure before the Prime Minister or other corresponding national organ pursuant to the corresponding provisions of the New Secured Bonds Trust Act, etc. not to have been made.

(Transitional Measures Concerning Penal Provisions)

Article 5 With regard to the application of penal provisions to acts committed prior to the enforcement of this Act, the provisions then in force shall remain applicable.

(Delegation to Cabinet Order)

Article 6 In addition to what is provided for in Article 2 to the preceding Article

inclusive of these Supplementary Provisions, transitional measures necessary for the implementation of this Act shall be specified by Cabinet Order.

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

(Effective Date)

Article 1 This Act shall come into effect as of the date on which 20 days from the day of promulgation have elapsed.

Supplementary Provisions [Act No. 120 of December 12, 1997] [Extract]

(Effective Date)

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

(Review)

Article 10 When five years have passed after this Act comes into effect, the government shall review the systems pertaining to Bank Holding Companies as defined in Article 2, paragraph (13) of the Banking Act after its revision by the provisions of Article 1 (hereinafter referred to as the "New Banking Act"), Long-Term Credit Bank Holding Companies as defined in Article 16-4, paragraph (1) of the Long-Term Credit Bank Act after its revision by the provisions of Article 2 (hereinafter referred to as the "New Long-Term Credit Bank Act") and insurance holding companies as defined in Article 2, paragraph (16) of the Insurance Services Act after its revision by the provisions of Article 4 (hereinafter referred to as the "New Insurance Services Act") by taking into account the state of implementation of the New Banking Act, the New Long-Term Credit Bank Act and the New Insurance Services Act, changes in socioeconomic conditions surrounding Banking and Insurance Services, and other relevant factors, and shall, when it finds it necessary, take the necessary measures based on the findings of the review.

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

(Effective Date)

Article 1 This Act shall come into effect as of the day when the Act Revising Finance-Related Acts for Lifting the Ban on Establishment of Holding Companies and Other Matters (Act No. 120 of 1997) comes into effect.

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

This Act shall come into effect as of the day when the Act on Securitization of Specified Assets by Special Purpose Companies (Act No. 105 of 1998) comes into effect (September 1, 1998); provided, however, that the provisions in Article 17 which are to revise Article 5 of the Supplementary Provisions to the Local Tax Act shall come into effect as of April 1, 1999.

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

(Effective Date)

Article 1 This Act shall come into effect as of December 1, 1998; provided, however, that the provisions listed in the following items shall come into effect as of the date prescribed respectively in those items.

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

(Transitional Measures for the Partial Revision of the Banking Act and Other Acts)

Article 102 (1) The provisions of Article 13, paragraph (1) of the Banking Act after its revision by the provisions of Article 10 (hereinafter referred to as the "New Banking Act") (including the cases where it is applied mutatis mutandis pursuant to Article 17 of the Long-Term Credit Bank Act after its revision by the provisions of Article 11 (hereinafter referred to as the "New Long-Term Credit Bank Act"), Article 89 of the Shinkin Bank Act after its revision by the provisions of Article 13 (hereinafter referred to as the "New Shinkin Bank Act"), Article 94 of the Labor Bank Act after its revision by the provisions of Article 14 (hereinafter referred to as the "New Labor Bank Act") and Article 6 of the Act on Financial Services by Cooperatives after its revision by the provisions of Article 16 (hereinafter referred to as the "New Act on Financial Services by Cooperatives") (hereinafter referred to as the "Cases where provisions are applied mutatis mutandis pursuant to Article 17 of the New Long-Term Credit Bank Act, etc." in this Article to Article 105 inclusive of these Supplementary

Provisions); hereinafter the same shall apply in this and the following paragraph) shall not apply, until the day on which one year has elapsed from the Effective Date, to Credit Extended, etc. (meaning Credit Extended, etc. as defined in Article 13, paragraph (1) of the New Banking Act; hereinafter the same shall apply in this and the following paragraph) by a Bank (meaning a Bank as defined in Article 2, paragraph (1) of the New Banking Act; hereinafter the same shall apply), Long-Term Credit Bank (meaning a Long-Term Credit Bank as defined in Article 2 of the New Long-Term Credit Bank Act; hereinafter the same shall apply), Shinkin Bank or federation of Shinkin Banks, labor bank or federation of labor banks, or credit cooperatives or Federation of Credit Cooperatives (meaning Federation of Credit Cooperatives as defined in Article 2, paragraph (1) of the New Act on Financial Services by Cooperatives; hereinafter the same shall apply) (hereinafter collectively referred to as the "Bank, etc." in this Article to Article 105 inclusive of these Supplementary Provisions) to a single person as defined in Article 13, paragraph (1) of the New Banking Act, in an amount that exceeds the Limit on Extensions of Credit, etc. (meaning the Limit on Extensions of Credit, etc. as defined in Article 13, paragraph (1) of the New Banking Act; hereinafter the same shall apply in this paragraph) at the time when this Act comes into effect, if the Bank, etc. notifies the Financial Reconstruction Commission (the Financial Reconstruction Commission or the Minister of Labor in the case of labor bank or federation of labor banks, or the administrative agency referred to in Article 7, paragraph (1) of the New Act on Financial Services by Cooperatives in the case of credit cooperatives or Federation of Credit Cooperatives; hereinafter the same shall apply in this and the following paragraph) thereof, until the day on which three months have elapsed from the Effective Date. In this case, where it is likely that if the Bank, etc. does not continue to extend credit, etc. in excess of the Limit on Extensions of Credit, etc. to the single person even after the day on which one year has elapsed from the Effective Date, it would significantly hinder the continuation of the business activities of said person, or where there is other unavoidable reason, and when the Bank, etc. obtains approval from the Financial Reconstruction Commission before that day, the Bank, etc. shall be deemed to have obtained the approval referred to in the proviso to Article 13, paragraph (1) of the New Banking Act on the day after that day.

- (2) The provisions of Article 13, paragraph (2) of the New Banking Act (including the Cases where it is applied mutatis mutandis pursuant to Article 17 of the New Long-Term Credit Bank Act, etc.; hereinafter the same shall apply in this paragraph) shall not apply, until the day on which one year has elapsed from the Effective Date, to Credit Extended, etc. by a Bank, etc. and its Subsidiary Companies, etc. (meaning Subsidiary Companies, etc. as defined in Article 13,

paragraph (2) of the New Banking Act; hereinafter the same shall apply in this paragraph) or by its Subsidiary Companies, etc., to one person as defined in Article 13, paragraph (1) of the New Banking Act of which the total amount exceeds the Consolidated Limit on Extensions of Credit, etc. (meaning consolidated Limit on Extensions of Credit, etc. as defined in Article 13, paragraph (2) of the New Banking Act; hereinafter the same shall apply in this paragraph) at the time when this Act comes into effect, if the Bank, etc. notifies the Financial Reconstruction Commission thereof by the day on which three months have elapsed from the Effective Date. In this case, where it is likely that if the Bank, etc. and the Subsidiary Companies, etc., or the Subsidiary Companies, etc., do not continue to extend credit, etc. in a total amount that exceeds the Consolidated Limit on Extensions of Credit, etc. to the single person even after the day on which one year has elapsed from the Effective Date, it would significantly hinder the continuation of the business of said person, or where there is other unavoidable reason, and when the Bank, etc. obtains an approval from the Financial Reconstruction Commission before that day, the Bank, etc. shall be deemed to have obtained the approval referred to in the proviso to Article 13, paragraph (1) of the New Banking Act as applied mutatis mutandis pursuant to the second sentence of Article 13, paragraph (2) of that Act on the day after that day.

- (3) The provisions of Article 52-6, paragraph (1) of the New Banking Act (including the cases where it is applied mutatis mutandis pursuant to Article 17 of the New Long-Term Credit Bank Act; hereinafter the same shall apply in this paragraph) shall not apply, until the day on which one year has elapsed from the Effective Date, to Credit Extended, etc. (meaning granting of credit, etc. as defined in Article 52-6, paragraph (1) of the New Banking Act; hereinafter the same shall apply in this paragraph) by a Bank Holding Company as defined in Article 2, paragraph (11) of the New Banking Act (hereinafter referred to as a "Bank Holding Company" in this paragraph) and/or its Subsidiary Companies, etc. (meaning Subsidiary Companies, etc. as defined in 52-6, paragraph (1) of the New Banking Act; hereinafter the same shall apply in this paragraph), or by a Long-Term Credit Bank Holding Company as defined in Article 16-4, paragraph (1) of the New Long-Term Credit Bank Act (hereinafter referred to as a "Long-Term Credit Bank Holding Company" in this paragraph) and/or its Subsidiary Companies, etc., to one person as defined in Article 52-6, paragraph (1) of the New Banking Act of which the total amount exceeds the Limit on Extensions of Credit, etc. by a Bank Holding Company (meaning the Limit on Extensions of Credit, etc. by a Bank Holding Company as defined in Article 52-6, paragraph (1) of the New Banking Act; hereinafter the same shall apply in this paragraph) at the time when this Act comes into effect, if the Bank Holding Company or the Long-

Term Credit Bank Holding Company (hereinafter collectively referred to as a "Bank Holding Company, etc." in this paragraph and Article 105 of these Supplementary Provisions) notifies the Financial Reconstruction Commission thereof by the day on which three months have elapsed from the Effective Date. In this case, where it is likely that if the Bank Holding Company and/or its Subsidiary Companies, etc., or Long-Term Credit Bank Holding Company and/or its Subsidiary Companies, etc., do not continue to extend credit, etc. in a total amount that exceeds the Limit on Extensions of Credit, etc. by a Bank Holding Company to the one person even after the day on which one year has elapsed from the Effective Date, it would significantly hinder the continuation of the business of the one person, or where there is other compelling reason, and when the Bank Holding Company, etc. obtains an approval from the Prime Minister before that day, the Bank Holding Company, etc. shall be deemed to have obtained the approval referred to in the proviso to Article 52-6, paragraph (1) of the New Banking Act on the day after that day.

Article 103 The provisions of Article 13-2 of the New Banking Act (including the Cases where it is applied mutatis mutandis pursuant to Article 17 of the New Long-Term Credit Bank Act, etc.) shall apply to a transaction or act conducted by a Bank, etc. on or after the Effective Date, and the provisions then in force shall remain applicable to a transaction or act conducted by a Bank, etc. before the Effective Date.

Article 104 (1) The provisions of Article 16-2, paragraph (1) of the New Banking Act shall not apply, until the day on which one year has elapsed from the Effective Date, to a company that is not a Company Eligible to be a Subsidiary Company as defined in that provisions but has been a Subsidiary Company (meaning a Subsidiary Company as defined in Article 2, paragraph (8) of the New Banking Act; hereinafter the same shall apply in this Article) of a Bank at the time when this Act comes into effect, if the Bank notifies the Financial Reconstruction Commission thereof by the day on which three months have elapsed from the Effective Date.

(2) A Bank which has made a notification under the preceding paragraph shall, when the company that is not a Company Eligible to be a Subsidiary Company ceases to be its Subsidiary Company, notify the Financial Reconstruction Commission to that effect without delay.

(3) Until the date specified by Cabinet Order which shall not be later than March 31, 2001, the term "prescribed Insurance Companies" in Article 16-2, paragraph (1), item (iv) of the New Banking Act shall be deemed to be replaced with "Among prescribed Insurance Companies, those falling under the category of bankrupt Insurance Companies as defined in Article 260, paragraph (2) of

the Insurance Services Act."

- (4) An authorization referred to in Article 16-2, paragraph (1) or Article 16-3, paragraph (1) (including the cases where it is applied mutatis mutandis pursuant to Article 16-3, paragraph (2)) of the Banking Act before the revision by Article 10 (hereinafter referred to as the "Former Banking Act") (including an approval pertaining to the authorization as referred to in the proviso to Article 55, paragraph (1) of the Former Banking Act) or conditions on said authorization granted or imposed before the Effective Date under these provisions by the Prime Minister, or an application for said authorization filed before the Effective Date under these provisions shall be deemed to be an authorization referred to in Article 16-2, paragraph (4) (including the cases where it is applied mutatis mutandis pursuant to Article 16-2, paragraph (6) of the New Banking Act; hereinafter the same shall apply in this paragraph) of the New Banking Act (including an approval pertaining to said authorization as referred to in the proviso to Article 55, paragraph (1) of the New Banking Act) or conditions on said authorization granted or imposed under the provisions of Article 16-2, paragraph (4) of the New Banking Act by the Prime Minister or an application for said authorization filed under the provisions of Article 16-2, paragraph (4) of the New Banking Act.
- (5) A Bank shall, when it has had a Bank, etc. Eligible to be a Subsidiary Company referred to in Article 16-2, paragraph (4) of the New Banking Act (excluding a company of which shares or equity have been held by the Bank under the authorization referred to in Article 16-2, paragraph (1) or Article 16-3, paragraph (1) of the Former Banking Act; the same shall apply in the following paragraph) as its Subsidiary Company at the time when this Act comes into effect, notify the Prime Minister to that effect by the day on which three months have elapsed from the Effective Date.
- (6) A Bank which has made a notification under the preceding paragraph shall be deemed to have obtained, on the Effective Date, the authorization for having the Bank, etc. Eligible to be a Subsidiary Company for which said notification has been made as its Subsidiary Company under the provisions of Article 16-2, paragraph (4) of the New Banking Act.
- (7) The provisions of Article 16-3, paragraph (1) of the New Banking Act shall not apply, until the day on which one year has elapsed from the Effective Date, to holding of Shares, etc. (meaning Shares, etc. as defined in Article 2, paragraph (7) of the New Banking Act; hereinafter the same shall apply in this paragraph) of a Domestic Company (meaning domestic company as defined in Article 16-3, paragraph (1) of the New Banking Act; hereinafter the same shall apply in this paragraph) by a Bank and/or its Subsidiary Companies of which the total number exceeds the Threshold on Holding of Shares, etc. (meaning the Threshold on Holding of Shares, etc. as defined in Article 16-3, paragraph

(1) of the New Banking Act; hereinafter the same shall apply in this paragraph) at the time when this Act comes into effect, if the Bank notifies the Financial Reconstruction Commission thereof by the day on which three months have elapsed from the Effective Date. In this case, after the day on which one year has elapsed from the Effective Date, the provisions of Article 16-3 of the New Banking Act shall apply to such holding of Shares, etc. in the Domestic Company by deeming that the Bank and/or the Subsidiary Companies acquire, on that day, the Shares, etc. in the Domestic Company in excess of the Threshold on Holding of Shares, etc. by a cause provided in the main clause of Article 16-3, paragraph (2) of the New Banking Act.

Article 105 (1) The provisions of Article 19, paragraphs (2) and (3) of the New Banking Act (excluding the part pertaining to interim business report referred to in Article 19, paragraph (2) of the New Banking Act) (including the cases where these provisions are applied mutatis mutandis pursuant to Article 17 of the New Long-Term Credit Bank Act, etc.) and Article 21, paragraphs (1) to (3) inclusive (including the cases where these provisions are applied mutatis mutandis pursuant to Article 17 of the New Long-Term Credit Bank Act, etc.), the provisions of Article 20, paragraph (2) and Article 52-11 (excluding the part pertaining to interim business report referred to in Article 52-11, paragraph (1) of the New Banking Act) of the New Banking Act (including the cases where these provisions are applied mutatis mutandis pursuant to Article 17 of the New Long-Term Credit Bank Act, etc.) and the provisions of Article 52-12 and Article 52-13, paragraphs (1) and (2) of the New Banking Act (including the cases where these provisions are applied mutatis mutandis pursuant to Article 17 of the New Long-Term Credit Bank Act, etc.) shall apply to documents referred to in these provisions of a Bank, etc. or Bank Holding Company, etc. pertaining to the fiscal year or business year starting on or after April 1, 1998, and the provisions then in force shall remain applicable to the balance sheet or other documents of a Bank, etc. or Bank Holding Company, etc. pertaining to the fiscal year or business year starting before that date.

(2) The provisions of Article 19, paragraphs (2) and (3) (limited to the part pertaining to interim business report referred to in Article 19, paragraph (2) of the New Banking Act) of the New Banking Act (including the cases where these provisions are applied mutatis mutandis pursuant to Article 17 of the New Long-Term Credit Bank Act, etc.) and Article 52-11 (limited to the part pertaining to interim business report referred to in Article 52-11, paragraph (1) of the New Banking Act) of the New Banking Act (including the Cases where it is applied mutatis mutandis pursuant to Article 17 of the New Long-Term Credit Bank Act, etc.) shall apply to the interim business report of a Bank, Long-Term Credit Bank or Bank Holding Company, etc. pertaining to the fiscal

year starting on or after April 1, 1999, and the provisions then in force shall remain applicable to the interim business report of a Bank Holding Company, etc. pertaining to the Business Year or fiscal year starting before that date.

(Delegation of Authority)

Article 147 (1) The Prime Minister shall delegate his/her authorities (excluding those specified by Cabinet Order) under these Supplementary Provisions to the Commissioner of the Financial Services Agency.

(2) Part of the authority delegated to the Commissioner of the Financial Services Agency under the preceding paragraph and part of the authority delegated to the Minister of Agriculture, Forestry and Fisheries and the Minister of Health, Labour and Welfare under the provisions of these Supplementary Provisions may be delegated to the Directors-General of Local Finance Bureaus or Local Finance Branch Bureaus (or heads of local branch offices in case of the authority delegated to the Minister of Agriculture, Forestry and Fisheries and the Minister of Health, Labour and Welfare), pursuant to the provisions of Cabinet Order.

(Effect of Dispositions, etc.)

Article 188 Dispositions rendered or procedures carried out or other acts engaged in before this Act comes into effect (with regard to the provisions listed in the items of Article 1 of these Supplementary Provisions, before those provisions come into effect) under the provisions of respective Acts before its revision by this Act (including orders issued thereunder; hereinafter the same shall apply in this Article), for which the corresponding provisions exist in the provisions of the relevant Acts after their revision by this Act, shall be deemed to have been rendered, carried out or engaged in under the corresponding provisions of the relevant Acts after their revision, except as otherwise provided in these Supplementary Provisions.

(Transitional Measures Concerning the Application of Penal Provisions)

Article 189 With regard to the application of penal provisions to acts committed before this Act comes into effect (with regard to the provisions listed in the items of Article 1 of these Supplementary Provisions, before those provisions come into effect) and acts committed after this Act comes into effect in the case where the provisions previously in force are to remain applicable to the acts, pursuant to the provisions of these Supplementary Provisions, and where the provisions relevant to those acts are to remain in force pursuant to the provisions of these Supplementary Provisions, the provisions in force before this Act comes into effect shall remain applicable.

(Delegation of Other Transitional Measures to Cabinet Order)

Article 190 In addition to what is provided for in Articles 2 to 146 inclusive and Article 153, Article 169 and the preceding Article of these Supplementary Provisions, transitional measures necessary for the implementation of this Act shall be specified by Cabinet Order.

(Review)

Article 191 (1) When the government finds it necessary by taking into consideration the state of implementation of systems pertaining to special measures, etc. to protect policyholders, etc. under the provisions of the New Insurance Services Act, the state of soundness of management of Insurance Companies, and other relevant factors, it shall take measures necessary for maintaining the reliability of Insurance Services even after this Act comes into effect.

(2) In addition to what is provided for in the preceding paragraph, the government shall review financial systems after their revision by this Act, within five years after this Act comes into effect, by taking into account the state of implementation of provisions revised by this Act, changes in the socioeconomic conditions surrounding financial systems and other relevant factors, and shall, if it finds it necessary, take necessary measures based on the findings of the review.

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

(Effective Date)

Article 1 This Act shall come into effect as of the day when the Act for Establishment of the Financial Reconstruction Commission (Act No. 130 of 1998) comes into effect.

(Transitional Measures)

Article 2 (1) A license, permission, authorization, approval, designation or other disposition, or a notice or other act granted, rendered, given or engaged in by the Prime Minister or other national organ under the provisions of the Secured Bonds Trust Act, the Trust Business Act, the Norinchukin Bank Act, the Mutual Loan Business Act, the Act for the Simplification of Bank Administration, etc., the Act on Engagement in Trust Business by a Financial Institution, the Act on Prohibiting Private Monopolies and Ensuring Fair Trade, the Agricultural Cooperatives Act, the Securities and Exchange Act, the Act on the Non-Life Insurance Rating Organization of Japan, the Fisheries Cooperatives Act, the Small and Medium Sized Enterprise, etc., Cooperatives Act, the Act on Financial Services by Cooperatives, the Ship Owner's Mutual

Insurance Union Act, the Local Tax Act, the Act on Securities Investment Trusts and Securities Investment Corporations, the Shinkin Bank Act, the Long-Term Credit Bank Act, the Loan Trust Act, the Loan Security Act for Small and Medium-Scale Fishing Operations, the Credit Guarantee Corporation Act, the Labor Bank Act, the Automobile Liability Security Act, the Agricultural Credit Guarantee Insurance Act, the Act on Earthquake Insurance, the Registration and License Tax Act, the Act on Mergers and Conversions in Financial Institutions, the Act on Foreign Securities Brokers, the Act Promoting the Introduction of Industry into Agricultural Regions, Agricultural and Fishing Cooperatives Savings Insurance Act, the Banking Act, the Act on Controls, etc. on Money Lending, the Act on Regulation, etc. of Securities Investment Advisory Services, the Act on Regulation, etc. of Mortgage Corporations, the Financial Futures Trading Act, the Act on Regulation, etc. of Advanced Payment Certificates, the Act on Regulation of Commodity Investment, the Act on Special Provisions under the Narcotics and Psychotropics Control Act, etc. and Other Matters for the Prevention of Activities Encouraging Illicit Conduct and Other Activities Involving Controlled Substances through International Cooperation, the Act on Regulation of Business Activities Concerning Specified Credits, etc., the Act Revising Acts Related to the Reform of the Financial and Securities Exchange Systems, the Act on Preferred Equity Investment by Cooperatively Structured Financial Institutions, the Real Estate Specified Joint Enterprise Act, the Insurance Services Act, the Act on Special Measures on Corporate Reorganization Proceedings and Other Insolvency Proceedings by Financial Institutions, the Act on Mergers between the Norinchukin Bank and Prefectural Credit Federations of Agricultural Cooperatives, the Bank of Japan Act, the Act on Special Measures Concerning Procedures for Mergers Involving Banks, etc. for Establishing Bank Holding Companies and Other Matters, the Act on the Securitization of Specified Assets by Special Purpose Companies, or the Act Revising Acts Related to the Reform of the Financial System before their revision by this Act (hereinafter referred to as the "Former Secured Bonds Trust Act, etc.") shall be deemed to be a license, permission, authorization, approval, designation or other disposition, or a notice or other act granted, rendered, given or engaged in by the Financial Reconstruction Commission or other corresponding national organ pursuant to the corresponding provisions of the Secured Bonds Trust Act, the Trust Business Act, the Norinchukin Bank Act, the Mutual Loan Business Act, the Act for the Simplification of Bank Administration, etc., the Act on Engagement in Trust Business by a Financial Institution, the Act on Prohibiting Private Monopolies and Ensuring Fair Trade, the Agricultural Cooperatives Act, the Securities and Exchange Act, the Act on the Non-Life Insurance Rating Organization of Japan,

the Fisheries Cooperatives Act, the Small and Medium Sized Enterprise, etc., Cooperatives Act, the Act on Financial Services by Cooperatives, the Ship Owner's Mutual Insurance Union Act, the Local Tax Act, the Act on Securities Investment Trusts and Securities Investment Corporations, the Shinkin Bank Act, the Long-Term Credit Bank Act, the Loan Trust Act, the Loan Security Act for Small and Medium-Scale Fishing Operations, the Credit Guarantee Corporation Act, the Labor Bank Act, the Automobile Liability Security Act, the Agricultural Credit Guarantee Insurance Act, the Act on Earthquake Insurance, the Registration and License Tax Act, the Act on Mergers and Conversions in Financial Institutions, the Act on Foreign Securities Brokers, the Act on the Promotion of Introduction of Industry into Agricultural Regions, Agricultural and Fishing Cooperatives Savings Insurance Act, the Banking Act, the Act on Controls, etc. on Money Lending, the Act on Regulation, etc. of Securities Investment Advisory Services, the Act on Regulation, etc. of Mortgage Corporations, the Financial Futures Trading Act, the Act on Regulation, etc. of Advanced Payment Certificates, the Act on Regulation of Commodity Investment, the Act on Special Provisions under the Narcotics and Psychotropics Control Act, etc. and Other Matters for the Prevention of Activities Encouraging Illicit Conduct and Other Activities Involving Controlled Substances through International Cooperation, the Act on Regulation of Business Activities Concerning Specified Credits, etc., the Act Revising Acts Related to the Reform of the Financial and Securities Exchange Systems, the Act on Preferred Equity Investment by Cooperatively Structured Financial Institutions, the Real Estate Specified Joint Enterprise Act, the Insurance Services Act, the Act on Special Measures on Corporate Reorganization Proceedings and Other Insolvency Proceedings by Financial Institutions, the Act on Mergers between the Norinchukin Bank and Prefectural Credit Federations of Agricultural Cooperatives, the Bank of Japan Act, the Act on Special Measures Concerning Procedures for Mergers Involving Banks, etc. for Establishing Bank Holding Companies and Other Matters, the Act on the Securitization of Specified Assets by Special Purpose Companies, or the Act Revising Acts Related to the Reform of the Financial System after their revision by this Act (hereinafter referred to as the "New Secured Bonds Trust Act, etc.").

- (2) An application, notification or other act having been filed or made to the Prime Minister or other national organ under the provisions of the Former Secured Bonds Trust Act, etc. at the time when this Act comes into effect shall be deemed to be an application, notification or other act filed or made to the Financial Reconstruction Commission or other corresponding national organ pursuant to the corresponding provisions of the New Secured Bonds Trust Act, etc.

(3) With regard to a matter for which it is required to report, notify, or submit to, or take other procedure to the Prime Minister or other national organ under the provisions of the Former Secured Bonds Trust Act, etc. but has not been made before the day on which this Act comes into effect, the relevant provisions of the New Secured Bonds Trust Act, etc. shall apply by deeming the matter for which it is required to report, notify, or submit to, or take other procedure before the Financial Reconstruction Commission or other corresponding national organ pursuant to the corresponding provisions of the New Secured Bonds Trust Act, etc. not to have been made.

Article 3 An order issued under the provisions of the Former Secured Bonds Trust Act, etc. which is in force at the time when this Act comes into effect shall remain in force as an order issued under the corresponding provisions of the New Secured Bonds Trust Act, etc.

Article 4 With regard to the application of penal provisions to acts committed prior to the enforcement of this Act, the provisions then in force shall remain applicable.

(Delegation to Cabinet Order)

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

Supplementary Provisions [Act No. 125 of August 13, 1999] [Extract]

(Effective Date)

Article 1 This Act shall come into effect as of the date specified by Cabinet Order within a period not exceeding six months from the day of promulgation; provided, however, that the provisions in Article 1 which are to revise Articles 285-4, Article 285-5, paragraph (2), Article 285-6, paragraphs (2) and (3), Article 290, paragraph (1) and Article 293-5, paragraph (3) of the Commercial Code, and the provisions in Article 6 of these Supplementary Provisions which are to revise Articles 23, paragraph (3) and Article 24, paragraph (1) of the Norinchukin Bank Act (Act No. 42 of 1923), the provisions in Article 7 of these Supplementary Provisions which are to revise Articles 39-3, paragraph (3) and Article 40-2, paragraph (1) of the Shoko Chukin Bank Act (Act No. 14 of 1936), the provisions in Article 9 of these Supplementary Provisions which is to revise Article 52, paragraph (1) of the Agricultural Cooperatives Act (Act No. 132 of 1947), the provisions in Article 10 of these Supplementary Provisions which are to revise Article 53, paragraph (3) of the Securities and Exchange Act (Act

No. 25 of 1948) and to delete Article 53, paragraph (4) of that Act, the provisions in Article 11 of these Supplementary Provisions which is to revise Article 56, paragraph (1) of the Fisheries Cooperatives Act (Act No. 242 of 1948), the provisions in Article 12 of these Supplementary Provisions which are to add a new Article after Article 5-5 of the Act on Financial Services by Cooperatives (Act No. 183 of 1949) and to revise Article 12, paragraph (1) of that Act, the provisions in Article 13 of these Supplementary Provisions which is to revise Article 42, paragraph (1) of the Ship Owner's Mutual Insurance Union Act (Act No. 177 of 1950), the provisions in Article 16 of these Supplementary Provisions which are to revise Articles 55-3, paragraph (3) and Article 57, paragraph (1) of the Shinkin Bank Act (Act No. 238 of 1951), the provisions in Article 18 of these Supplementary Provisions which is to revise Article 61, paragraph (1) of the Labor Bank Act (Act No. 227 of 1953), the provisions in Article 23 of these Supplementary Provisions which are to revise Article 17-2, paragraph (3) of the Banking Act (Act No. 59 of 1981) and to delete Article 17-2, paragraph (4) of that Act, the provisions of Article 26 of these Supplementary Provisions, the provisions in Article 27 of these Supplementary Provisions which are to add a new paragraph to Article 15 of the Insurance Services Act (Act No. 105 of 1995), to revise Articles 55, paragraphs (1) and (2), Article 112, paragraph (1) and Article 112-2, paragraph (3) of that Act, to delete Article 112-2, paragraph (4) of that Act, to revise Articles 115, paragraph (2), Article 118, paragraph (1), Article 119 and Article 199 of that Act, and to delete Article 59, paragraph (2) and Article 90, paragraph (2) of the Supplementary Provisions to that Act, the provisions in Article 29 of these Supplementary Provisions which is to revise Article 7, paragraph (2) of the Act on Special Measures under the Commercial Code Concerning Procedures for Canceling Shares (Act No. 55 of 1997) and the provisions in Article 31 of these Supplementary Provisions which are to revise Article 101, paragraph (1) and Article 102, paragraph (3) of the Act on Securitization of Specified Assets by Special Purpose Companies (Act No. 105 of 1998), shall come into effect as of April 1, 2000.

(Transitional Measures Concerning Audit Report)

Article 2 With regard to matters to be stated in the audit report to be prepared for the fiscal year ending before this Act comes in force, the provisions then in force shall remain applicable. With regard to matters to be stated in the audit report to be prepared by the Norinchukin Bank, agricultural cooperative, federation of agricultural cooperatives, fisheries cooperative, federation of fisheries cooperatives, fishery processing cooperative and federation of fishery processing cooperatives, credit cooperative and Federation of Credit Cooperatives (meaning a Federation of Credit Cooperatives that conducts

business set forth in Article 9-9, paragraph (1), item (i) of the Small and Medium Sized Enterprise, etc., Cooperatives Act (Act No. 181 of 1949); the same shall apply in the following Article), Shinkin Bank and federation of Shinkin Banks, labor bank and federation of labor banks, and Mutual Company (meaning a Mutual Company as defined in Article 2, paragraph (5) of the Insurance Services Act; the same shall apply in the following Article) for the business year ending before this Act comes in force.

(Transitional Measures Concerning Valuation of Monetary Claims, etc.)

Article 3 With regard to valuation of monetary claims, corporate bonds and other bond certificates as well as shares and other equity acquired by making contribution (hereinafter referred to as "Valuation of Monetary Claims, etc." in this Article) for the accounting period pertaining to the fiscal year starting before the revising provisions listed in the proviso to Article 1 of these Supplementary Provisions come into effect, the provisions in force before this Act comes into effect shall remain. The same shall apply to the Valuation of Monetary Claims, etc. listed in the following items:

- (i) Valuation of Monetary Claims, etc. of the Norinchukin Bank, the Shoko Chukin Bank, agricultural cooperative, federation of agricultural cooperatives, fisheries cooperative, federation of fisheries cooperatives, fishery processing cooperative and federation of fishery processing cooperatives, credit cooperative and Federation of Credit Cooperatives, ship owner's mutual insurance union, Shinkin Bank and federation of Shinkin Banks, and labor bank and federation of labor banks at the end of the business year starting before the revising provisions listed in the proviso to Article 1 of these Supplementary Provisions come into effect;
- (ii) Valuation of Monetary Claims, etc. of a Securities Investment Corporation (meaning a securities investment corporation as defined in Article 2, paragraph (11) of the Act on Securities Investment Trusts and Securities Investment Corporations (Act No. 198 of 1951)) for the Operating Period (meaning an Operating Period as defined in Article 133, paragraph (2) of that Act) of the business year starting before the revising provisions listed in the proviso to Article 1 of these Supplementary Provisions come into effect; and
- (iii) Valuation of Monetary Claims, etc. of a Mutual Company for the accounting period pertaining to the business year starting before the revising provisions listed in the proviso to Article 1 of these Supplementary Provisions come into effect.

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

(Effective Date)

Article 1 This Act (excluding Articles 2 and 3) shall come into effect as of January 6, 2001; provided, however, that the provisions listed in the following items shall come into effect as of the date prescribed respectively in those items:

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

Supplementary Provisions [Act No. 225 of December 22, 1999] [Extract]

(Effective Date)

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

(Transitional Measures for the Partial Revision of the Civil Code)

Article 25 In the cases where a petition for the commencement of composition proceedings filed before this Act comes into effect or where a ruling for the commencement of composition proceedings is given based on such a petition before or after this Act comes into effect, with regard to the treatment of matters provided for in any of the legal provisions listed in the following items that pertains to the petition or the ruling, the provisions before this Act comes into effect shall remain applicable, notwithstanding these provisions after their revision by these Supplementary Provisions:

(i) Article 398-3, paragraph (2) of the Civil Code;

(ii) Article 33-12-3, paragraph (1), item (i), sub-item (c) of the Mariners' Insurance Act;

(iii) Article 59, paragraph (3) and Article 68-3, paragraph (2) of Agricultural and Fishing Cooperatives Savings Insurance Act;

(iv) Article 22-2, paragraph (1), item (i), sub-item (c) of the Employment Insurance Act;

(v) Article 135-36 of the Non-Contentious Cases Procedures Act;

(vi) Article 309-2, paragraph (1), item (ii) and Article 383, paragraphs (1) and (2) of the Commercial Code;

(vii) Article 54, paragraph (1), item (vii), Article 64-10, paragraph (1) and Article 79-53, paragraph (1), item (ii) of the Securities and Exchange Act;

(viii) Article 2, paragraph (3), item (i) of the Small and Medium-sized Enterprise Credit Insurance Act;

(ix) Articles 20, paragraph (2), Article 24, Article 37, paragraph (1), Article 38, item (iv), Article 67, paragraph (1), Article 78, paragraph (1), items (ii) to (iv) inclusive, Article 79, paragraph (2), Article 80, paragraph (1) and Article 163, items (ii) and (iv) of the Corporate Reorganization Act;

(x) Article 30 of the Act on Management of Claims held by the State and Other

Matters;

- (xi) Article 27, paragraph (1), item (v) of the Installment Sales Act;
- (xii) Article 22, paragraph (1), item (viii) and Article 33, paragraph (1) of the Act on Foreign Securities Brokers;
- (xiii) Rows 12 and 17(d) of appended table 1 of the Act on the Cost of Civil Procedure;
- (xiv) Article 36, paragraph (1), item (v) of the Act on the Sale of Reserved Residential Land and Buildings by Advance Installments;
- (xv) Article 2, paragraph (2), item (i) of the Act on Mutual Relief System for the Prevention of Bankruptcy by Small and Medium-Sized Enterprises;
- (xvi) Article 46, paragraph (1) of the Banking Act;
- (xvii) Article 111, paragraph (4), item (ii) of the Act on the Securitization of Specified Assets by Special Purpose Companies;
- (xviii) Article 66, Article 151 and Article 271, paragraph (1) of the Insurance Services Act;
- (xix) Article 24, paragraph (1), Article 26, Article 27, Article 31, Article 45, Article 48, paragraph (1), items (ii) to (iv) inclusive and Article 49, paragraph (1) of the Act on Special Measures on Corporate Reorganization Proceedings and Other Insolvency Proceedings by Financial Institutions, etc.; and
- (xx) Article 40, paragraphs (1) and (3) of the Act on Punishment of Organized Crimes and Control of Crime Proceeds.

(Transitional Measures Concerning the Application of Penal Provisions)

Article 26 With regard to the application of penal provisions to acts committed before this Act comes into effect and acts committed after this Act comes into effect the case where the provisions in force before this Act comes into effect shall remain applicable pursuant to these Supplementary Provisions, the provisions in force before this Act comes into effect shall remain applicable.

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

(Effective Date)

- (1) This Act shall come into effect as of the day when the Act for Partial Revision of the Commercial Code, etc. (Act No. 90 of 2000) comes into effect.

(Transitional Measures)

- (2) Where this Act comes into effect before the date when Article 8 of the Supplementary Provisions of the Act on the Center for Food Quality, Labeling and Consumer Services (Act No. 183 of 1999) comes into effect, the term "Article 27" in the provisions in Article 31 to revise Article 19-5-2, Article 19-6, paragraph (1), item (iv), and Article 27 of the Act on Standardization and

Proper Quality Labeling of Agricultural and Forestry Products shall be deemed to be replaced with "Article 26."

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

(Effective Date)

Article 1 This Act shall come into effect as of December 1, 2000 (hereinafter referred to as the "Effective Date").

(Effect of Dispositions, etc.)

Article 49 Dispositions rendered, procedures carried out or other acts engaged in before this Act comes into effect (with regard to the provisions listed in the items of Article 1 of these Supplementary Provisions, before those provisions come into effect) under the provisions of the relevant Acts before their revision by this Act, for which corresponding provisions exist in said Acts after their revision by this Act, shall be deemed to have been rendered, carried out or engaged in under the corresponding provisions of said Acts after their revision, except as otherwise provided in these Supplementary Provisions.

(Transitional Measures Concerning the Application of Penal Provisions)

Article 50 With regard to the application of penal provisions to acts committed prior to the enforcement of this Act, the provisions then in force shall remain applicable.

(Delegation of Other Transitional Measures to Cabinet Order)

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

(Review)

Article 52 When five years have passed since after this Act comes into effect, the government shall review systems pertaining to securities exchanges as defined in Article 2, paragraph (16) of the New Securities and Exchange Act and financial futures exchanges as defined in Article 2, paragraph (6) of the New Financial Futures Trading Act by taking into account the state of implementation of the New Securities and Exchange Act and the New Financial Futures Trading Act, changes in socioeconomic situations and other relevant factors, and shall, when it finds it necessary, take necessary measures based on the findings of the review.

Supplementary Provisions [Act No. 97 of May 31, 2000] [Extract]

(Effective Date)

Article 1 This Act shall come into effect as of the date specified by Cabinet Order within a period not exceeding six months from the day of promulgation (hereinafter referred to as the "Effective Date").

(Partial Revision of the Banking Act)

Article 50 (1) Omitted

(2) With regard to application of Article 10, paragraph (7) of the Banking Act after its revision by the preceding paragraph, old Special Purpose Companies and Asset Securitization Plans and Specified Corporate Bonds pertaining to old Special Purpose Companies shall be deemed to be Special Purpose Companies and Asset Securitization Plans and Specified Corporate Bonds pertaining to Special Purpose Companies as provided for by the New Act on Securitization of Assets.

(Effect of Dispositions, etc.)

Article 64 Dispositions rendered, procedures carried out or other acts engaged in before this Act comes into effect (with regard to the provisions listed in the proviso to Article 1 of these Supplementary Provisions, before those provisions come into effect) under the provisions of the relevant Acts before their revision by this Act (including orders issued thereunder; hereinafter the same shall apply in this Article), for which corresponding provisions exist in the same Acts after their revision by this Act, shall be deemed to have been rendered, carried out or engaged in under the corresponding provisions of said Acts after their revision, except as otherwise provided in these Supplementary Provisions.

(Transitional Measures Concerning Application of Penal Provisions)

Article 65 With regard to the application of penal provisions to acts committed before this Act comes into effect (with regard to the provisions of the proviso to Article 1 of these Supplementary Provisions, before those provisions come into effect) and acts committed after this Act comes into effect the case where the provisions previously in force shall remain applicable pursuant to these Supplementary Provisions, the provisions in force before this Act comes into effect shall remain applicable.

Article 66 With regard to the application of provisions of the Act on Punishment of Organized Crimes and Control of Crime Proceeds after its revision by Article 62 of these Supplementary Provisions (hereinafter referred to as the "New Act for Punishment of Organized Crimes" in this Article) (excluding the penal

provisions that are to apply under the preceding Article), the crimes prescribed in Article 171, Article 172, Article 174, Article 179, paragraph (1) and Article 182, paragraphs (2) and (4) of the Former Act on Securitization of Assets in the case where these provisions shall remain in force under the main clause of Article 2, paragraph (1) of these Supplementary Provisions shall be deemed to be crimes listed in item (lviii) of the appended table of the New Act for Punishment of Organized Crimes, and the crimes prescribed in Article 228, Article 230, Article 235, paragraph (1) and Article 236, paragraphs (2) and (4) of the Former Investment Trust Act in the case where the provisions then in force shall remain applicable pursuant to the preceding Article shall be deemed to be crimes listed in item (xxiii) of the appended table of the New Act for Punishment of Organized Crimes.

(Delegation of Other Transitional Measures to Cabinet Order)

Article 67 In addition to what is provided for in these Supplementary Provisions, transitional measures necessary for the implementation of this Act shall be specified by Cabinet Order.

(Review)

Article 68 Within five years after this Act comes into effect, the government shall review systems pertaining to the provisions of the New Act on Securitization of Assets and the New Investment Trust Act and authorized building lots and buildings transaction business operators as defined in Article 50-2, paragraph (2) of the Act on Act on Building Lot and Building Transaction Services after its revision by Article 8 (hereinafter referred to as "New Act on Building Lot and Building Transaction Services" in this Article) by taking into account the state of implementation of the New Act on Securitization of Assets, New Investment Trust Act, and New Act on Building Lot and Building Transaction Services, changes in socioeconomic situations and other relevant factors, and shall, when it finds it necessary, take necessary measures based on the findings of the review.

Supplementary Provisions [Act No. 129 of November 29, 2000] [Extract]

(Effective Date)

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

Supplementary Provisions [Act No. 75 of June 27, 2001] [Extract]

(Effective Date)

Article 1 This Act shall come into effect as of April 1, 2002 (hereinafter referred to as the "Effective Date"), and shall apply to Short-Term Corporate Bonds, etc. issued on and after the Effective Date.

(Transitional Measures Concerning the Application of Penal Provisions)

Article 7 With regard to the application of penal provisions to acts committed before the Effective Date and acts committed on or after the Effective Date the case where the provisions relevant to those acts shall remain in force under these Supplementary Provisions, the provisions then in force shall remain applicable.

(Delegation of Other Transitional Measures to Cabinet Order)

Article 8 In addition to what is provided for in these Supplementary Provisions, transitional measures necessary for the implementation of this Act shall be specified by Cabinet Order.

(Review)

Article 9 When five years have passed since after this Act comes into effect, the government shall review systems pertaining to the book-entry transfer institution by taking into account the state of implementation of this Act, changes in socioeconomic situations and other relevant factors, and shall, when it finds it necessary, take necessary measures based on the findings of the review.

Supplementary Provisions [Act No. 80 of June 29, 2001]

This Act shall come into effect as of the day when the Act for Partial Revision of the Commercial Code, etc. comes into effect.

Supplementary Provisions [Act No. 117 of November 9, 2001] [Extract]

(Effective Date)

Article 1 This Act shall come into effect as of the date specified by Cabinet Order within a period not exceeding six months from the day of promulgation (hereinafter referred to as the "Effective Date"); provided, however, that the provisions listed in the following items shall come into effect as of the date prescribed respectively in those items:

- (i) The provisions in Article 1 which delete Article 17-2 of the Banking Act and to revise Article 47, paragraph (2) of that Act (limited to the part deleting "Article 17-2"), the provisions in Article 3 which are to delete Article 112-2 of the Insurance Services Act and to revise Article 270-6, paragraph (2), item (i)

of that Act, the provisions in Article 4 which is to delete Article 55-3, the provisions of Article 8, Article 9, Article 13 and Article 14, and the following Article, the provisions of Article 9, and Articles 13 to 16 inclusive of the Supplementary Provisions: The day on which one month has elapsed from the day of promulgation

(Transitional Measures Concerning Banking Licenses for Branch Offices of a Foreign Bank)

Article 2 (1) A Foreign Bank which, when this Act comes into effect, has obtained the Prime Minister's licenses referred to in Article 4, paragraph (1) of the Banking Act before the revision by Article 1 (hereinafter referred to as the "Former Banking Act") under Article 47, paragraph (1) of the Former Banking Act (such a license is referred to as "Old License" in this Article) shall, if the number of licenses which it has obtained is one, be deemed to have obtained the Prime Minister's license referred to in Article 4, paragraph (1) of the Banking Act after its revision by Article 1 (hereinafter referred to as the "New Banking Act") under Article 47, paragraph (1) of the New Banking Act at the time when this Act comes into effect.

(2) A Foreign Bank other than Foreign Banks which are deemed under the preceding paragraph to have obtained the Prime Minister's license referred to in Article 4, paragraph (1) of the New Banking Act under Article 47, paragraph (1) of the New Banking Act may, even before the Effective Date, file a notification with the Prime Minister as provided by Cabinet Order by designating one of the Branch Office of the Foreign Bank for which it has received the Old License as the Principal Branch Office of the Foreign Bank as defined in Article 47, paragraph (1) of the New Banking Act.

(3) A Foreign Bank which filed a notification under the preceding paragraph before this Act comes into effect and has obtained the Old License at the time when this Act comes into effect shall be deemed to have obtained the Prime Minister's license referred to in Article 4, paragraph (1) of the New Banking Act under Article 47, paragraph (1) of the New Banking Act on the Effective Date.

(Transitional Measures Concerning Shareholders of Bank)

Article 3 (1) With regard to application of the provisions of Chapter VII-2 (excluding Section 3) of the New Banking Act to holders of a Bank's shares existing at the time when this Act comes into effect, holders of these shares shall be deemed to become holders of these shares on the Effective Date by a cause other than the transactions or acts listed in the items of Article 52-9, paragraph (1) of the New Banking Act.

(2) A Bank which has another Bank as its Subsidiary Company at the time when

this Act comes into effect under the authorization referred to in Article 16-2, paragraph (4) or in the proviso to Article 16-2, paragraph (5) of the Former Banking Act shall be deemed to obtain, on the Effective Date, an authorization for holding shares of the other Bank under the proviso to Article 52-9, paragraph (2) of the New Banking Act.

(Delegation of Authority)

Article 13 (1) The Prime Minister shall delegate his/her authority under these Supplementary Provisions (excluding that specified by Cabinet Order) to the Commissioner of the Financial Services Agency.

(2) The Commissioner of the Financial Services Agency may, pursuant to the provisions of Cabinet Order, delegate part of the authority that has been delegated under the provisions of the preceding paragraph to the Directors-General of Local Finance Bureaus or Local Finance Branch Bureaus.

(Effect of Dispositions, etc.)

Article 14 Dispositions rendered, procedures carried out or other acts engaged in before this Act comes into effect under the provisions of the respective Acts before their revision by this Act (including orders issued thereunder; hereinafter the same shall apply in this Article), for which corresponding provisions exist in the same Acts after their revision by this Act, shall be rendered, carried out or engaged in under the corresponding provisions of said Acts after their revision, except as otherwise provided in these Supplementary Provisions.

(Transitional Measures Concerning Penal Provisions)

Article 15 With regard to the application of penal provisions to acts committed before the relevant revising provisions in this Act comes into effect and acts committed pertaining to matters to which the provisions previously in force shall remain applicable under these Supplementary Provisions after the relevant revising provisions in this Act comes into effect, the provisions in force before this Act comes into effect shall remain applicable.

(Delegation of Other Transitional Measures to Cabinet Order)

Article 16 In addition to what is provided for in Article 2 to the preceding Article inclusive of these Supplementary Provisions (including transitional measures pertaining to penal provisions), transitional measures necessary for the implementation of this Act shall be specified by Cabinet Order.

(Review)

Article 23 When five years have passed since after this Act comes into effect, the

government shall review systems pertaining to Banks' Major Shareholders as defined in Article 2, paragraph (10) of the New Banking Act, major shareholder of Long-Term Credit Bank as defined in Article 16-2-2, paragraph (5) of the New Long-Term Credit Bank Act and major shareholder of Insurance Company as defined in Article 2, paragraph (14) of the New Insurance Services Act by taking into account the state of implementation of the New Banking Act, the New Long-Term Credit Bank Act and the New Insurance Services Act, changes in socioeconomic situations and other relevant factors, and shall, when it finds it necessary, take necessary measures based on the findings of the review.

Supplementary Provisions [Act No. 129 of November 28, 2001] [Extract]

(Effective Date)

- (1) This Act shall come into effect as of April 1, 2002.

(Transitional Measures Concerning the Application of Penal Provisions)

- (2) With regard to the application of penal provisions to acts committed before this Act comes into effect and acts committed after this Act comes into effect the case where the provisions previously in force shall remain applicable under the provisions of this Act, the provisions in force before this Act comes into effect shall remain applicable.

Supplementary Provisions [Act No. 45 of May 29, 2002]

(Effective Date)

- (1) This Act shall come into effect as of the date specified by Cabinet Order within a period not exceeding one year from the day of promulgation.

(Transitional Measures)

- (2) Where this Act comes into effect before the date when Article 2 of the Act for Partial Revision of the Agricultural Cooperatives Act, etc. (Act No. 94 of 2001) comes into effect, the term "Article 30, paragraph (12)" in the provisions in Article 9 to revise Article 30, paragraph (12) of the Agricultural Cooperatives Act shall be deemed to be replaced with "Article 30, paragraph (11)."

Supplementary Provisions [Act No. 47 of May 29, 2002] [Extract]

(Effective Date)

- Article 1 This Act shall come into effect as of the date specified by Cabinet Order within a period not exceeding six months from the day of promulgation.

Supplementary Provisions [Act No. 65 of June 12, 2002] [Extract]

(Effective Date)

Article 1 This Act shall come into effect as of January 6, 2003.

(Transitional Measures Concerning Application of Penal Provisions)

Article 84 With regard to the application of penal provisions to acts committed before this Act (with regard to the provisions listed in the items of Article 1 of these Supplementary Provisions, before those provisions come into effect; hereinafter the same shall apply in this Article) comes into effect and acts committed after this Act comes into effect the case where the provisions previously in force shall remain applicable under the provisions of these Supplementary Provisions, the provisions in force before this Act comes into effect shall remain applicable.

(Delegation of Other Transitional Measures to Cabinet Order)

Article 85 In addition to what is provided for in these Supplementary Provisions, transitional measures necessary for the implementation of this Act shall be specified by Cabinet Order.

(Review)

Article 86 When five years have passed since after this Act comes into effect, the government shall review systems pertaining to subscribers protection trust as defined in Article 2, paragraph (11) of the New Act on Transfer of Corporate Bonds, etc., securities clearing organizations as defined in Article 2, paragraph (31) of the New Securities and Exchange Act and financial futures clearing organizations as defined in Article 2, paragraph (15) of the New Financial Futures Trading Act by taking into account the state of implementation of the New Act on Transfer of Corporate Bonds, etc., the New Securities and Exchange Act and the New Financial Futures Trading Act, changes in the socioeconomic conditions and other relevant factors, and shall, when it finds it necessary, take necessary measures based on the findings of the review.

Supplementary Provisions [Act No. 54 of May 30, 2003] [Extract]

(Effective Date)

Article 1 This Act shall come into effect as of April 1, 2004.

(Transitional Measures Concerning the Application of Penal Provisions)

Article 38 With regard to the application of penal provisions to acts committed prior to the enforcement of this Act, the provisions then in force shall remain

applicable.

(Delegation of Other Transitional Measures to Cabinet Order)

Article 39 In addition to what is provided for in these Supplementary Provisions, transitional measures necessary for the implementation of this Act shall be specified by Cabinet Order.

(Review)

Article 40 When five years have passed since after this Act comes into effect, the government shall review financial systems after its revision by this Act by taking into account the state of implementation of provisions revised by this Act, changes in the socioeconomic conditions and other relevant factors, and shall, when it finds it necessary, take necessary measures based on the findings of the review.

Supplementary Provisions [Act No. 76 of June 2, 2004] [Extract]

(Effective Date)

Article 1 This Act shall come into effect as of the day when the Bankruptcy Act (Act No. 75 of 2004; hereinafter referred to as the "New Bankruptcy Act" in paragraph (8) of the following Article, Article 3, paragraph (8), Article 5, paragraphs (8), (16) and (21), Article 8, paragraph (3) and Article 13 of these Supplementary Provisions) comes into effect.

(Delegation to Cabinet Order)

Article 14 In addition to what is provided for in Articles 2 to the preceding Article inclusive of these Supplementary Provisions, transitional measures necessary for the implementation of this Act shall be specified by Cabinet Order.

Supplementary Provisions [Act No. 88 of June 9, 2004] [Extract]

(Effective Date)

Article 1 This Act shall come into effect as of the date specified by Cabinet Order within a period not exceeding five years from the day of promulgation (hereinafter referred to as the "Effective Date").

(Transitional Measures Concerning the Application of Penal Provisions)

Article 135 With regard to the application of penal provisions to acts committed before this Act comes into effect and acts committed after this Act comes into effect in the case where the provisions previously in force are to remain

applicable to those acts pursuant to the provisions of these Supplementary Provisions and where the provisions relevant to those acts are to remain in force pursuant to the provisions of these Supplementary Provisions, the provisions in force before this Act comes into effect shall remain applicable.

(Delegation of Other Transitional Measures to Cabinet Order)

Article 136 In addition to what is provided for in these Supplementary Provisions, transitional measures necessary for the implementation of this Act shall be specified by Cabinet Order.

(Review)

Article 137 When five years have passed since this Act has come into effect, the government shall review the settlement system for transactions of Shares, etc. after its revision by this Act by taking into account the state of implementation of provisions revised by this Act, changes in the socioeconomic conditions and other relevant factors, and shall, when it finds it necessary, take the necessary measures based on the findings of the review.

Supplementary Provisions [Act No. 97 of June 9, 2004] [Extract]

(Effective Date)

Article 1 This Act shall come into effect as of April 1, 2005 (hereinafter referred to as the "Effective Date"); provided, however, that the provisions listed in the following items shall come into effect as of the date prescribed respectively in those items.

(i) The provisions in Article 1 which revise Article 33-3, Article 64-2, paragraph (1), item (ii) and Article 64-7, paragraph (5) of the Securities and Exchange Act, Article 65-2, paragraph (5) (limited to the part which is to revise the term "and (vii)" to ", (vii) and (xii)") of that Act and Article 144, Article 163, paragraph (2) and Article 207, paragraph (1), item (i) and paragraph (2) of that Act, the provisions in Article 2 which is to revise Article 36, paragraph (2) of the Act on Foreign Securities Brokers (hereinafter referred to as the "Foreign Brokers Act" in this Article), the provisions in Article 4 which revise Article 10-5 of the Act on Investment Trust and Investment Corporations (hereinafter referred to as the "Investment Trust Act" in this Article), the provisions in Article 6 which revise Article 29-3 of the Act on Regulation, etc. on Securities Investment Advisory Services (hereinafter referred to as the "Investment Advisory Services Act" in this Article), the provisions of Articles 11 and 12, the provisions in Article 13 which revise Article 9-8, paragraph (6), item (i) of the Small and Medium Sized Enterprise, etc., Cooperatives Act by adding as described below, and the provisions of Articles 14 to 19 inclusive:

the day of promulgation of this Act

(Transitional Measures Concerning the Application of Penal Provisions)

Article 22 With regard to the application of penal provisions to acts committed before this Act comes into effect (with regard to the provisions listed in the items of Article 1 of these Supplementary Provisions, before those provisions come into effect; hereinafter the same shall apply in this Article) and acts committed after this Act comes into effect in the case where the provisions previously in force shall remain applicable under Article 3 of these Supplementary Provisions, the provisions in force before this Act comes into effect shall remain applicable.

(Delegation of Other Transitional Measures to Cabinet Order)

Article 23 In addition to what is provided for in these Supplementary Provisions, transitional measures necessary for the implementation of this Act shall be specified by Cabinet Order.

(Review)

Article 24 When five years have passed since after this Act comes into effect, the government shall review financial systems after its revision by this Act by taking into account the state of implementation of provisions revised by this Act, changes in the socioeconomic conditions and other relevant factors, and shall, when it finds it necessary, take necessary measures based on the findings of the review.

Supplementary Provisions [Act No. 154 of December 3, 2004] [Extract]

(Effective Date)

Article 1 This Act shall come into effect as of the date specified by Cabinet Order within a period not exceeding six months from the day of promulgation (hereinafter referred to as the "Effective Date").

(Effect of Dispositions, etc.)

Article 121 Dispositions rendered, procedures carried out or other acts engaged in before this Act comes into effect, under the provisions of the relevant Acts before their revision by this Act (including orders issued thereunder; hereinafter the same shall apply in this Article), for which the corresponding provisions exist in the same Acts after their revision by this Act, shall be deemed to have been rendered, carried out or engaged in under the corresponding provisions of said Acts after their revision, except as otherwise provided in these Supplementary Provisions.

(Transitional Measures Concerning Penal Provisions)

Article 122 With regard to the application of penal provisions to acts committed before this Act comes into effect and acts committed after this Act comes into effect in the case where the provisions previously in force shall remain applicable to those acts under the provisions of these Supplementary Provisions or where the provisions relevant to those acts shall remain in force under the provisions of these Supplementary Provisions, the provisions in force before this Act comes into effect shall remain applicable.

(Delegation of Other Transitional Measures to Cabinet Order)

Article 123 In addition to what is provided for in these Supplementary Provisions, transitional measures necessary for the implementation of this Act shall be specified by Cabinet Order.

(Review)

Article 124 Within three years after this Act comes into effect, the government shall review the state of implementation of this Act, and shall, when it finds it necessary, take necessary measures based on the findings of the review.

Supplementary Provisions [Act No. 159 of December 8, 2004] [Extract]

(Effective Date)

Article 1 This Act shall come into effect as of July 1, 2005.

Supplementary Provisions [Act No. 38 of May 2, 2005] [Extract]

(Effective Date)

Article 1 This Act shall come into effect as of the date specified by Cabinet Order within a period not exceeding one year from the day of promulgation (hereinafter referred to as the "Effective Date").

(Delegation to Cabinet Office Ordinance)

Article 34 In addition to what is provided for in these Supplementary Provisions, application procedures for authorization or approval and submission of documents under these Supplementary Provisions and other matters necessary for the implementation of this Act shall be specified by Cabinet Order.

(Transitional Measures Concerning Penal Provisions)

Article 35 With regard to the application of penal provisions to acts committed before this Act comes into effect and acts committed after this Act comes into

effect in the case where the provisions previously in force shall remain applicable under the provisions of these Supplementary Provisions, the provisions in force before this Act comes into effect shall remain applicable.

(Delegation of Authority)

Article 36 (1) The Prime Minister shall delegate his/her authority under these Supplementary Provisions (excluding that specified by Cabinet Order) to the Commissioner of the Financial Services Agency.

(2) The Commissioner of the Financial Services Agency may, pursuant to the provisions of Cabinet Order, delegate part of the authority that has been delegated under the provisions of the preceding paragraph to the Directors-General of Local Finance Bureaus or Local Finance Branch Bureaus.

(Delegation to Cabinet Order)

Article 37 In addition to what is provided for in these Supplementary Provisions, transitional measures necessary for the implementation of this Act shall be specified by Cabinet Order.

(Review)

Article 38 (1) Within three years after this Act comes into effect, the government shall examine the most desirable way for bearing costs required for financial assistance or other assistance provided by the Life Insurance Policyholders Protection Corporation, whether or not it is necessary for governmental assistance to the Life Insurance Policyholders Protection Corporation based on the legal provisions to be continued and other relevant factors by taking into account the state of implementation of systems, etc. pertaining to special measures for the protection of insurance policy holders, etc. including governmental assistance provided to the Life Insurance Policyholders Protection Corporation and financial assistance or other assistance provided by the Life Insurance Policyholders Protection Corporation, the financial status of the Life Insurance Policyholders Protection Corporation, the state of soundness of management of Insurance Companies and other relevant factors, and make the appropriate revisions.

(2) Within five years after this Act comes into effect, the government shall review the systems for Insurance Services provided for in this Act by taking into account the state of the services of Low-Cost, Short-Term Insurance Providers including the services that they engage in by obtaining reinsurance from Insurance Companies, the state of diversification of insurance that is underwritten by Insurance Companies, changes in the socioeconomic conditions and other relevant factors, and shall, when it finds it necessary, take the necessary measures based on the findings of the review.

Supplementary Provisions [Act No. 87 of July 26, 2005] [Extract]

This Act shall come into effect as of the day when the Companies Act comes into effect.

Supplementary Provisions [Act No. 106 of November 2, 2005] [Extract]

(Effective Date)

Article 1 This Act shall come into effect as of the date specified by Cabinet Order within a period not exceeding one year from the day of promulgation (hereinafter referred to as the "Effective Date"); provided, however, that the provisions listed in the following items shall come into effect as of the date prescribed respectively in those items:

(i) The provisions of Article 11: The day of promulgation

(Transitional Measures for Partial Revision of the Banking Act and Other Acts)

Article 2 (1) A person who has engaged in Bank Agency Services as defined in Article 2, paragraph (14) of the Banking Act after the revision (hereinafter referred to as the "New Banking Act") by Article 1 (hereinafter referred to as the "Bank Agency Services") at the time when this Act comes into effect (excluding a person who is deemed to obtain a permission under Article 52-36, paragraph (1) of the New Banking Act on Effective Date under the provisions of paragraph (1) of the following Article of the Supplementary Provisions) may continue to engage in Bank Agency Services within three months from the Effective Date (or, in the case where a disposition of disapproving the application for permission referred to in Article 52-36, paragraph (1) of the New Banking Act or where abolition of Bank Agency Services is ordered under Article 52-56, paragraph (1) of the New Banking Act as applied by replacing certain terms under the provisions of the following paragraph, until the day on which that disposition or order of the abolition is given), notwithstanding the provisions of Article 52-36, paragraph (1) of the New Banking Act. In the cases where said person filed an application for permission referred to in Article 52-36, paragraph (1) of the New Banking Act during said period, even after said period has elapsed, the same shall apply until the disposition of granting or disapproving permission is given.

(2) In the case where a person continues to engage in Bank Agency Services under the preceding paragraph, the provisions of Article 13-2, Article 24, Article 25, Article 38, Article 48, Article 52-36, paragraphs (2) and (3), Articles 52-39 to 52-41 inclusive, Articles 52-43 to 52-56 inclusive, Articles 52-58 to 52-60 inclusive, Article 53, paragraph (4), Article 56 (limited to the part

pertaining to item (xi)) and Article 57-4, paragraph (2) of the New Banking Act and the provisions of Chapter IX of the New Banking Act pertaining to these provisions shall apply by deeming the person as a Bank Agent (meaning a Bank Agent as defined in Article 2, paragraph (15) of the New Banking Act; the same shall apply hereinafter). In this case, the terms "in the following items" and "rescind the permission granted to the Bank Agent under Article 52-36, paragraph (1)" in Article 52-56, paragraph (1) of the New Banking Act shall be deemed to be replaced with "item (iv) or (v) below" and "order the Bank Agent to abolish his/her Bank Agency Services," respectively.

Article 3 (1) With regard to a person (excluding a Bank, etc. as defined in Article 52-61, paragraph (1) of the New Banking Act) who has engaged in Bank Agency Services at an agency established under Article 8, paragraph (1) of the Banking Act before the revision by Article 1 (hereinafter referred to as the "Former Banking Act") at the time when this Act comes into effect, the provisions of the New Banking Act shall apply by deeming said person to have obtained a permission under Article 52-36, paragraph (1) of the New Banking Act on the Effective Date.

(2) A person who is deemed to have obtained the permission under the preceding paragraph shall submit the documents stating the matters listed in the items of Article 52-37, paragraph (1) of the New Banking Act and the documents listed in each item of Article 52-37, paragraph (2) of the New Banking Act to the Prime Minister by the day on which three months have elapsed from the Effective Date.

(3) With regard to a person who is deemed to have obtained the permission under paragraph (1), the provisions of Article 52-39 of the New Banking Act shall not apply until the person who is deemed to have obtained the permission submits under the preceding paragraph the documents referred to in the preceding paragraph, notwithstanding the provisions of paragraph (1).

(4) With regard to application of Article 52-61, paragraph (3) of the New Banking Act to a person who has engaged in Bank Agency Services at an agency established under Article 8, paragraph (1) of the Former Banking Act at the time when this Act comes into effect (limited to a Bank, etc. as defined in Article 52-61, paragraph (1) of the New Banking Act; referred to as "Bank, etc. Engaging in Bank Agency Services" in the following paragraph), the phrase "When a Bank, etc. wishes to engage in Bank Agency Services, it" in Article 52-61, paragraph (3) of the New Banking Act shall be deemed to be replaced with "Within three months from the day on which the Act for Partial Revision of the Banking Act, etc. (Act No. 106 of 2005) comes into effect, the Bank, etc."

(5) Notwithstanding the provisions of Article 52-61, paragraph (2) of the New Banking Act, the provisions of Article 52-39 of the New Banking Act shall not

apply to a Bank, etc, Engaging in Bank Agency Services until the Bank, etc, Engaging in Bank Agency Services submits documents referred to in Article 52-61, paragraph (3) of the New Banking Act as applied by replacing certain terms under the preceding paragraph.

Article 4 With regard to establishment or abolishment of a branch office or other business office, or an agency by a Bank (meaning a Bank as defined in Article 2, paragraph (1) of the New Banking Act; the same shall apply hereinafter) or Long-Term Credit Bank (meaning a Long-Term Credit Bank as defined in Article 2 of the Long-Term Credit Bank Act before the revision by Article 2 (hereinafter referred to as the "New Long-Term Credit Bank Act"); the same shall apply hereinafter), Article 8, paragraph (1) of the New Banking Act (including Cases where it is applied mutatis mutandis pursuant to Article 17 of the New Long-Term Credit Bank Act) shall apply to establishment or abolishment made on or after the Effective Date, and the provisions then in force shall remain applicable to establishment or abolishment made before the Effective Date.

Article 5 With regard to establishment or abolishment of a branch office or other business office, or an agency in a foreign state by a Bank or Long-Term Credit Bank, Article 8, paragraph (2) of the New Banking Act (including cases where it is applied mutatis mutandis pursuant to Article 17 of the New Long-Term Credit Bank Act) shall apply to establishment or abolishment made on or after the Effective Date, and the provisions then in force shall remain applicable to establishment or abolishment made before the Effective Date.

Article 6 The provisions of Article 8, paragraph (3) of the New Banking Act (including cases where it is applied mutatis mutandis pursuant to Article 17 of the New Long-Term Credit Bank Act) shall apply to a contract for entrustment of business in a foreign state entered into on or after the Effective Date.

Article 7 The provisions of Article 13-2 of the New Banking Act (including cases where it is applied mutatis mutandis pursuant to Article 17 of the New Long-Term Credit Bank Act, Article 89, paragraph (1) of the Shinkin Bank Act after its revision by Article 3 (hereinafter referred to as the "New Shinkin Bank Act"), Article 94, paragraph (1) of the Labor Bank Act after its revision by Article 4 (hereinafter referred to as the "New Labor Bank Act") and Article 6, paragraph (1) of the Act on Financial Services by Cooperative after its revision by Article 6 (hereinafter referred to as the "New Act on Financial Services by Cooperatives")) shall apply to a transaction or act conducted by a Bank, etc. (meaning a Bank, Long-Term Credit Bank, Shinkin Bank or federation of

Shinkin Banks, labor bank or federation of labor banks, or credit cooperative or Federation of Credit Cooperatives (meaning Federation of Credit Cooperatives as defined in Article 2, paragraph (1) of the New Act on Financial Services by Cooperatives); hereinafter the same shall apply in this Article and paragraph (2) of the following Article) on or after the Effective Date, and the provisions then in force shall remain applicable to a transaction or act conducted by a Bank, etc. before the Effective Date.

Article 8 (1) The provisions of Article 20, Article 52-28 and Article 52-29 of the New Banking Act (including cases where it is applied mutatis mutandis pursuant to Article 17 of the New Long-Term Credit Bank Act) shall apply to documents referred to in those provisions pertaining to the fiscal year of a Bank or Long-Term Credit Bank, or a Bank Holding Company (meaning a Bank Holding Company as defined in Article 2, paragraph (13) of the New Banking Act; hereinafter the same shall apply in this paragraph and paragraph (3) of the following Article) or Long-Term Credit Bank Holding Company (meaning a Long-Term Credit Bank Holding Company as defined in Article 16-4, paragraph (1) of the New Long-Term Credit Bank Act; hereinafter the same shall apply in this paragraph and paragraph (3) of the following Article) starting on or after the Effective Date, and the provisions then in force shall remain applicable to those documents pertaining to the fiscal year of a Bank or Long-Term Credit Bank, or a Bank Holding Company or Long-Term Credit Bank Holding Company starting before the Effective Date.

(2) The provisions of Article 21, paragraphs (1) and (2) of the New Banking Act (including cases where it is applied mutatis mutandis pursuant to Article 17 of the New Long-Term Credit Bank Act, Article 89, paragraph (1) of the New Shinkin Bank Act, Article 94, paragraph (1) of the New Labor Bank Act and Article 6, paragraph (1) of the New Act on Financial Services by Cooperatives) shall apply to documents referred to in those provisions pertaining to the fiscal year or business year of a Bank, etc. starting on or after the Effective Date, and the provisions then in force shall remain applicable to those documents pertaining to the fiscal year or business year of a Bank, etc. starting before the Effective Date.

Article 9 (1) The provisions of Article 52-43 and Article 52-44 of the New Banking Act (including cases where they are applied mutatis mutandis pursuant to Article 17 of the New Long-Term Credit Bank Act, Article 89, paragraph (3) of the New Shinkin Bank Act, Article 94, paragraph (3) of the New Labor Bank Act and Article 6-5, paragraph (1) of the New Act on Financial Services by Cooperative) shall apply to acts specified in Article 2, paragraph (14) of the New Banking Act (including acts specified in Article 16-5,

paragraph (2) of the New Long-Term Credit Bank Act, Article 85-2, paragraph (2) of the New Shinkin Bank Act, Article 89-3, paragraph (2) of the New Labor Bank Act and Article 6-3, paragraph (2) of the New Act on Financial Services by Cooperatives) performed on or after the Effective Date.

(2) The provisions of Articles 52-50 of the New Banking Act (including cases where it is applied mutatis mutandis pursuant to Article 17 of the New Long-Term Credit Bank Act, Article 89, paragraph (3) of the New Shinkin Bank Act, Article 94, paragraph (3) of the New Labor Bank Act and Article 6-5, paragraph (1) of the New Act on Financial Services by Cooperatives; hereinafter the same shall apply in this paragraph) shall apply to a report referred to in Article 52-50, paragraph (1) of the New Banking Act pertaining to the fiscal year or business year of a Bank Agent, Long-Term Credit Bank Agent (meaning a Long-Term Credit Bank Agent as defined in Article 16-5, paragraph (3) of the New Long-Term Credit Bank Act; the same shall apply hereinafter), Shinkin Bank Agent (meaning a Shinkin Bank Agent as defined in Article 85-2, paragraph (3) of the New Shinkin Bank Act; the same shall apply hereinafter), Labor Bank Agent (meaning a Labor Bank Agent as defined in Article 89-3, paragraph (3) of the New Labor Bank Act; the same shall apply hereinafter) or Credit Cooperative Agent (meaning a Credit Cooperative Agent as defined in Article 6-3, paragraph (3) of the New Act on Financial Services by Cooperatives; the same shall apply hereinafter) starting on or after the Effective Date.

(3) The provisions of Articles 52-51 of the New Banking Act (including cases where it is applied mutatis mutandis pursuant to Article 17 of the New Long-Term Credit Bank Act, Article 89, paragraph (3) of the New Shinkin Bank Act, Article 94, paragraph (3) of the New Labor Bank Act and Article 6-5, paragraph (1) of the New Act on Financial Services by Cooperatives; hereinafter the same shall apply in this paragraph) shall apply to documents referred to in Article 52-51, paragraph (1) of the New Banking Act pertaining to the fiscal year or business year of an Principal Bank (meaning an Principal Bank as defined in Article 2, paragraph (16) of the New Banking Act), Entrusting Long-Term Credit Bank (meaning an Entrusting Long-Term Credit Bank as defined in Article 16-5, paragraph (3) of the New Long-Term Credit Bank Act), Entrusting Shinkin Bank (meaning a Entrusting Shinkin Bank as defined in Article 85-2, paragraph (3) of the New Shinkin Bank Act), Entrusting Labor Bank (meaning an Entrusting Labor Bank as defined in Article 89-3, paragraph (3) of the New Labor Bank Act) or Entrusting Credit Cooperative (meaning an Entrusting Credit Cooperative as defined in Article 6-3, paragraph (3) of the New Act on Financial Services by Cooperatives) starting on or after the Effective Date.

(Effect of Dispositions, etc.)

Article 38 Dispositions rendered, procedures carried out or other acts engaged in before this Act comes into effect under the provisions of respective Acts before the revision by this Act (including orders issued thereunder; hereinafter the same shall apply in this Article), for which corresponding provisions exist in the relevant Acts after their revision by this Act, shall be rendered, carried out or engaged in under the corresponding provisions of said Acts after their revision, except as otherwise provided in these Supplementary Provisions.

(Transitional Measures Concerning the Application of Penal Provisions)

Article 39 With regard to the application of penal provisions to acts committed before this Act comes into effect and acts committed after this Act comes into effect the case where the provisions previously in force are to remain applicable pursuant to the provisions of these Supplementary Provisions, the provisions in force before this Act comes into effect shall remain applicable.

(Delegation of Authority)

Article 40 (1) The Prime Minister shall delegate his/her authority under these Supplementary Provisions (excluding that specified by Cabinet Order) to the Commissioner of the Financial Services Agency.

(2) Part of the authority delegated to the Commissioner of the Financial Services Agency under the preceding paragraph and part of the authority delegated to the Minister of Agriculture, Forestry and Fisheries and the Minister of Health, Labour and Welfare under the provisions of these Supplementary Provisions may be delegated to the Directors-General of Local Finance Bureaus or Local Finance Branch Bureaus (or heads of local branch offices in the case of authorities delegated to the Minister of Agriculture, Forestry and Fisheries and the Minister of Health, Labour and Welfare), pursuant to the provisions of Cabinet Order.

(Delegation of Other Transitional Measures to Cabinet Order)

Article 41 In addition to what is provided for in these Supplementary Provisions, transitional measures necessary for the implementation of this Act shall be specified by Cabinet Order.

(Review)

Article 42 When five years have passed since after this Act comes into effect, the government shall review financial systems after its revision by this Act by taking into account the state of implementation of provisions revised by this Act, changes in the socioeconomic conditions and other relevant factors, and shall, when it finds it necessary, take necessary measures based on the

findings of the review.

Supplementary Provisions [Act No. 65 of June 14, 2006] [Extract]

(Effective Date)

Article 1 This Act shall come into effect as of the date specified by Cabinet Order within a period not exceeding one year and six months from the day of promulgation (hereinafter referred to as the "Effective Date"); provided, however, that the provisions listed in the following items shall come into effect as of the date prescribed respectively in those items.

(i) The provisions of Article 1, the provisions in Article 8 which is to revise Article 30-4, paragraph (2), item (ii) of the Agricultural Cooperatives Act (limited to the part revising the phrase "Article 197, paragraph (1), items (i) to (iv) inclusive or (vii) or Article 197, paragraph (2), Article 198, items (i) to (x) inclusive, (xviii) or (xix)" into "Article 197, Article 197-2, items (i) to (x) inclusive or (xiii) or Article 198, item (viii)"), the provisions in Article 9 which is to revise Article 34-4, paragraph (2), item (ii) of the Fisheries Cooperatives Act (limited to the part revising the phrase "Article 197, paragraph (1), items (i) to (iv) inclusive or (vii) or Article 197, paragraph (2), Article 198, items (i) to (x) inclusive, (xviii) or (xix)" into "Article 197, 197-2, items (i) to (x) inclusive or (xiii) or Article 198, item (viii)"), the provisions in Article 11 which is to revise Article 5-4, item (iv) of the Act on Financial Services by Cooperatives (limited to the part revising the phrase "Article 197, paragraph (1), items (i) to (iv) inclusive or (vii) or Article 197, paragraph (2)" into "Article 197" and the part revising "Article 198, items (i) to (x) inclusive, (xviii) or (xix) (The Crime of Offering Securities Without Notification, etc.)" into "197-2, items (i) to (x) inclusive or (xiii) (The Crime of Offering Securities Without Notification, etc.), Article 198, item (viii) (The Crime of Breaching a Prohibition Order or Order for Suspension Issued by the Court)"), the provisions in Article 13 which is to revise Article 34, item (iv) of the Shinkin Bank Act (limited to the part revising the phrase "Article 197, paragraph (1), items (i) to (iv) inclusive or (vii) or Article 197, paragraph (2)" into "Article 197" and the part revising "Article 198, items (i) to (x) inclusive, (xviii) or (xix) (The Crime of Offering Securities Without Notification, etc.)" into "197-2, items (i) to (x) inclusive or (xiii) (The Crime of Offering Securities Without Notification, etc.), Article 198, item (viii) (The Crime of Breaching a Prohibition Order or Order for Suspension Issued by the Court)"), the provisions in Article 15 which is to revise Article 34, item (iv) of the Labor Bank Act (limited to the part revising the phrase "Article 197, paragraph (1), items (i) to (iv) inclusive or (vii) or Article 197, paragraph (2)" into "Article 197" and the part revising "Article 198, items (i) to (x) inclusive,

- (xviii) or (xix) (The Crime of Offering Securities Without Notification, etc.)" into "197-2, items (i) to (x) inclusive or (xiii) (The Crime of Offering Securities Without Notification, etc.), Article 198, item (viii) (The Crime of Breaching a Prohibition Order or Order for Suspension Issued by the Court)", the provisions in Article 18 which is to revise Article 53-2, paragraph (1), item (iii) of the Insurance Services Act (limited to the part revising the phrase "Article 197, paragraph (1), items (i) to (iv) inclusive or (vii) or Article 197, paragraph (2)" into "Article 197" and the part revising "Article 198, items (i) to (x) inclusive, (xviii) or (xix) (The Crime of Offering Securities Without Notification, etc.)" into "197-2, items (i) to (x) inclusive or (xiii) (The Crime of Offering Securities Without Notification, etc.), Article 198, item (viii) (The Crime of Breaching a Prohibition Order or Order for Suspension Issued by the Court)", the provisions in Article 19 which is to revise Article 24-4, item (iv) of the Norinchukin Bank Act (limited to the part revising the phrase "Article 197, paragraph (1), items (i) to (iv) inclusive or (vii) or Article 197, paragraph (2), Article 198, items (i) to (x) inclusive, (xviii) or (xix)" into "Article 197, Article 197-2, items (i) to (x) inclusive or (xiii) or Article 198, item (viii)"), and the provisions of Article 2, Article 4, Article 182, paragraph (1), Article 184, paragraph (1), Article 187, paragraph (1), Article 190, paragraph (1), Article 193, paragraph (1), Article 196, paragraph (1) and Article 198, paragraph (1) of these Supplementary Provisions: The date on which 20 days from the day of promulgation have elapsed
- (ii) The provisions of Article 3 of these Supplementary Provisions: The day on which the Act for Partial Revision of the Penal Code to Respond to an Increase in International and Organized Crimes and Advancement of Information Processing (Act No. of 2006) comes into effect or the day on which the provisions listed in the preceding item enter into effect, whichever is later
- (iii) The provisions of Article 2 (excluding the provisions which revise Article 27-23 of the Securities and Exchange Act (excluding the part adding "and Article 27-26" after "Article 27-25, paragraph (1)"), the provisions which revise Article 27-24 of that Act, the provisions which revise Article 27-25 of that Act, the provisions which revise Article 27-26 of that Act (excluding the part which revises "controlling business activities of a company that is an issuer of said Shares, etc." into "performing an act which is specified by Cabinet Order as the act of causing material alteration of or exerting material influences on business activities of an issuer of said Shares, etc. (referred to as the "Act of Making an Important Suggestion, etc." in paragraphs (4) and (5))" and the part which adds three paragraphs to that Article), the provisions which revise Article 27-27 of that Act and the

- provisions which revise Article 27-30-2 of that Act (excluding the part which is to revise "Article 27-10, paragraph (2)" into "Article 27-10, paragraphs (8) and (12)" and the part which adds "or (11)" after "Article 27-10, paragraph (1)")) and the provisions of Article 7, Article 8 and Article 12 of these Supplementary Provisions: The date specified by Cabinet Order within a period not exceeding six months from the day of promulgation
- (iv) The provisions in Article 2 which revise Article 27-23 of the Securities and Exchange Act (excluding the part adding "and Article 27-26" after "Article 27-25, paragraph (1)"), to revise Article 27-24 of that Act, to revise Article 27-25 of that Act, to revise Article 27-26 of that Act (excluding the part which revises "controlling business activities of a company that is an issuer of said Shares, etc." into "performing an act which is specified by Cabinet Order as an act of causing material alteration of or exerting material influences on business activities of an issuer of said Shares, etc. (referred to as an "Act of Making Important Suggestion, etc." in paragraphs (4) and (5))" and the part which is to add three paragraphs to that Article), to revise Article 27-27 of that Act and to revise Article 27-30-2 of that Act (excluding the part which is to revise "Article 27-10, paragraph (2)" into "Article 27-10, paragraphs (8) and (12)" and the part which adds "or (11)" after "Article 27-10, paragraph (1)")) and the provisions of Articles 9 to 11 inclusive and Article 13 of these Supplementary Provisions: The date specified by Cabinet Order within a period not exceeding one year from the day of promulgation
- (v) The provisions of Article 4: The day on which the Act on General Incorporated Association and General Incorporated Foundation (Act No. 48 of 2006) comes into effect

(Transitional Measures for Partial Revision of the Banking Act)

Article 195 Where a Bank receives an offer for a Contract for Specified Deposits, etc. (meaning a Contract for Specified Deposits, etc. as defined in Article 13-4 of the Banking Act after revision by Article 16 (hereinafter referred to as the "New Banking Act" in this Article)) from a customer (limited to a person referred to in Article 2, paragraph (31), item (iv) of the New Financial Instruments and Exchange Act) for the first time since this Act comes into effect, if the Bank has notified the customer before this Act comes into effect and in accordance with Article 34 of the New Financial Instruments and Exchange Act as applied mutatis mutandis pursuant to Article 13-4 of the New Banking Act that the customer may make a request under Article 34-2, paragraph (1) of the New Financial Instruments and Exchange Act as applied mutatis mutandis pursuant to Article 13-4 of the New Banking Act, the Bank shall be deemed to make a notification as required by Article 34 of the New Financial Instruments and Exchange Act as applied mutatis mutandis

pursuant to Article 13-4 of the New Banking Act.

(Delegation of Authority)

Article 216 (1) The Prime Minister shall delegate his/her authority under these Supplementary Provisions (excluding that specified by Cabinet Order) to the Commissioner of the Financial Services Agency.

(2) The Commissioner of the Financial Services Agency may, pursuant to the provisions of Cabinet Order, delegate part of the authority that has been delegated under the provisions of the preceding paragraph to the Directors-General of Local Finance Bureaus or Local Finance Branch Bureaus.

(Effect of Dispositions, etc.)

Article 217 Dispositions rendered, procedures carried out or other acts engaged in before this Act comes into effect under the provisions of the Former Securities and Exchange Act, the Former Investment Trust Act or the Former Trust Business Act or an order issued thereunder, for which corresponding provisions exist in the New Financial Instruments and Exchange Act, shall be deemed to have been rendered, carried out or engaged in under the corresponding provisions of the New Financial Instruments and Exchange Act, except as otherwise provided by these Supplementary Provisions.

(Transitional Measures Concerning Application of Penal Provisions)

Article 218 With regard to the application of penal provisions to acts committed before this Act comes into effect (with regard to the provisions listed in the items of Article 1 of these Supplementary Provisions, before those provisions come into effect; hereinafter the same shall apply in this Article) and acts committed after this Act comes into effect in the case where the provisions previously in force shall remain applicable to those acts under the provisions of these Supplementary Provisions or where the provisions relevant to those acts shall remain in force under the provisions of these Supplementary Provisions, the provisions in force before this Act comes into effect shall remain applicable.

(Delegation of Other Transitional Measures to Cabinet Order)

Article 219 (1) In addition to what is provided for in these Supplementary Provisions, transitional measures necessary for the implementation of this Act shall be specified by Cabinet Order.

(2) Transitional measures necessary for the procedures pertaining to registration required due to the partial provisions of the Securities and Exchange Act made under Article 3 shall be specified by an Ordinance of the Ministry of Justice.

(Review)

Article 220 Within five years after this Act comes into effect, the government shall review the state of implementation of this Act, and shall, when it finds it necessary, take necessary measures based on the findings of the review.

Supplementary Provisions [Act No. 109 of December 15, 2006] [Extract]

This Act shall come into effect as of the day when the New Trust Act comes into effect.