

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 Bank services and for the purpose of maintaining their credibility, securing protection for depositors, and facilitating the smooth functioning of financial services, to ensure the sound and appropriate operation of Bank services, thereby contributing to the sound development of the national economy.
- (2) In the application of this Act, due consideration must be given to respecting Banks' voluntary efforts to manage their own services.

(Definitions)

- Article 2 (1) The term "Bank" as used in this Act means a person that engages in Banking under a license from the Prime Minister as referred to in Article 4, paragraph (1).
- (2) The term "Banking" as used in this Act means the business of performing any of the following activities:
- (i) acceptance of deposits or Installment Savings, as well as the lending of funds or the discounting of bills and notes; or
 - (ii) dealing in funds transfer transactions.
- (3) The term "Installment Savings" as used in this Act means money that is accepted on multiple occasions at regular intervals or within a fixed period of time, with the promise that a fixed amount of money will be paid on a designated date.
- (4) The term "Installment Savings, etc." as used in this Act means, in addition to Installment Savings, money paid in, in installments and accepted within a fixed period of time, with the promise that a fixed amount of money will be paid at or before the end of that period.
- (5) The term "Depositor, etc." as used in this Act means a depositor or a person that puts money into Installment Savings (including a person that pays in money in installments as prescribed in the preceding paragraph).
- (6) The term "All Shareholders', etc. Voting Rights" as used in this Act means all shareholders' voting rights or all equity investors' voting rights (for a stock company, this excludes voting rights in respect of shares that do not allow the holder to exercise voting rights with regard to all of the matters that can be resolved at a shareholders meeting, but includes voting rights in respect of

- 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 applies 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 second company in which a first company holds voting rights exceeding fifty percent of All Shareholders', etc. Voting Rights. In this, a second company in which a first company and one or more of its Subsidiary Companies hold voting rights exceeding fifty percent of All Shareholders', etc. Voting Rights, or in which one or more of a first company's Subsidiary Companies hold voting rights exceeding fifty percent of All Shareholders', etc. Voting Rights is deemed to be the Subsidiary Company of the first company.
- (9) The term "Major Shareholder Threshold" as used in this Act means twenty percent (or fifteen percent, if a person that falls under the requirement specified by Cabinet Office Ordinance as one with regard to which a fact exists that is expected to have a material influence on decisions about the company's financial and business policies, holds the voting rights in the company) of all shareholders' voting rights.
- (10) The term a "Bank's Major Shareholder" as used in this Act means a person that holds a number of voting rights in a Bank which is equal to or greater than the Major Shareholder Threshold (including a person that holds such voting rights in the name of another person (or under a fictitious name); the same applies hereinafter), and is incorporated under the authorization referred to in Article 52-9, paragraph (1) or obtains the authorization referred to 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 the company or the person that holds those voting rights do not include voting rights from Shares, etc. that the company or person holds as trust property in a monetary or security trust (but only those that the settlor or beneficiary may exercise and those with regard to whose exercise the settlor or beneficiary may give instructions to the company or the person that holds them) or the voting rights specified by Cabinet Office Ordinance, but do include voting rights from Shares, etc. that constitute trust property which the company or the person that holds those voting rights may exercise, as the settlor or beneficiary, or with regard to whose exercise the company or person may give instructions, as the settlor or beneficiary (excluding those specified by Cabinet Office Ordinance), and 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 Book-Entry of Corporate Bonds, Shares (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 Companies) of the Act on Prohibition of Private Monopolization and Maintenance of Fair Trade (Act No. 54 of 1947).

- (13) The term "Bank Holding Company" as used in this Act means a Holding Company that has a Bank as its Subsidiary Company, and that is incorporated under the authorization referred to in Article 52-17, paragraph (1) or has obtained the authorization referred to 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 the business of performing any of the following activities on behalf of a Bank:
- (i) acting as agent or intermediary as regards the conclusion of a contract detailing the acceptance of deposits or Installment Savings, etc.;
 - (ii) acting as an agent or intermediary as regards the conclusion of a contract detailing the lending of funds or the discounting of bills and notes; or
 - (iii) acting as an agent or intermediary as regards the conclusion of a contract detailing funds transfer transactions.
- (15) The term "Bank Agent" as used in this Act means a person that performs Bank Agency Services under the license of the Prime Minister as referred to in Article 52-36, paragraph (1).
- (16) The term "Principal Bank" as used in this Act means a Bank that accepts deposits or Installment Savings, etc., lends funds, discounts bills and notes, or deals in funds transfer transactions as referred to in the items of paragraph (14) under a contract provided for in one of the items of that paragraph, based on an activity set forth in one of the items of that paragraph which a Bank Agent performs.
- (17) The term "Designated Dispute Resolution Organization" as used in this Act means a person that has been designated under Article 52-62, paragraph (1).
- (18) The term "Banking Services" as used in this Act means services that a Bank performs pursuant to the provisions of Article 10 and Article 11, services that a Bank performs pursuant to the provisions of the Secured Corporate Bonds Trust Act (Act No. 52 of 1905) and other laws, and Bank Agency Services that a person engaged in Bank Agency Services performs for a Bank.
- (19) The term "Complaint Processing Procedures" as used in this Act means procedures for processing a complaint related to banking services (meaning a complaint about Banking Services; the same applies in Article 52-67, Article 52-68 and Article 52-72).
- (20) The term "Dispute Resolution Procedures" as used in this Act means procedures that attempt to resolve a dispute related to banking services (meaning a dispute about Banking Services which can be settled between the parties; the same applies in Article 52-67, Article 52-68, and Articles 52-73 to 52-75 inclusive) without recourse to court proceedings.

- (21) The term "Dispute Resolution, etc." as used in this Act means services involved in Complaint Processing Procedures and Dispute Resolution Procedures, as well as services 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 The business of accepting deposits or Installment Savings, etc. (other than that which falls under the category of an activity set forth in paragraph (2), item (ii) of the preceding Article) is deemed to be Banking, and this Act applies.

Article 3-2 (1) A person set forth in one of the following items is deemed to be a holder of voting rights in a Bank, in the numbers specified in the relevant item, and Chapter VII-3, Sections 1 and 2, Chapter VIII and Chapter IX apply:

- (i) an organization that is not a corporation (but only one specified by Cabinet Office Ordinance as being equivalent to a corporation): the number of voting rights in the Bank which are held in the name of the organization that is not a corporation;
- (ii) a company that is required to prepare 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), whose consolidated companies and other corporations (which includes an organization that is not a corporation as set forth in the preceding item; hereinafter collectively referred to as a "Company, etc." in this paragraph) include a Bank, and which is not itself 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) a Company, etc. (excluding one that is consolidated in the financial statement or other documents of a company as set forth in the preceding item, limited to one that holds voting rights in a Bank) other than a Company Subject to Consolidation Standards, which belongs to a group of Companies, etc. (meaning a group consisting of the Company, etc. itself and any Company, etc. that Cabinet Office Ordinance specifies as being one in which the relevant Company, etc. holds majority voting rights or as being closely related to the relevant Company, etc. in any other such way; hereinafter the same applies in this paragraph) that is one with respect to which the total number of voting rights in a single Bank held by all of the Companies, etc.

- belonging to that 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 greater than the Major Shareholder Threshold for the Bank (such a Group of Companies, etc. is hereinafter referred to as a "Specified Group of Companies, etc." in this item and the following item), if none of the Companies, etc. belonging to that Specified Group of Companies, etc. is the holder of majority voting rights in that Company, etc.: the Number of Voting Rights Held by the Group of Companies, etc. which is associated with that Specified Group of Companies, etc.;
- (iv) the Company, etc. with the most assets on the balance sheet out of the Companies, etc. belonging to a Specified Group of Companies, etc., if there is no Company, etc. as set forth in the preceding item among the Companies, etc. that belong to that Specified Group of Companies, etc.: the Number of Voting Rights Held by the Group of Companies, etc. which is associated with that Specified Group of Companies, etc.;
- (v) an individual who holds majority voting rights in a Company, etc. that holds voting rights in a Bank (such a Company, etc. includes a person set forth in item (ii) to the preceding item inclusive; hereinafter the same applies in this item), if the total number of voting rights in a single Bank which are held by all Companies, etc. in which the individual holds majority voting rights (in the case of a Company, etc. that falls under any of the categories set forth 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 percent of all shareholders' voting rights in that Bank: the Total Number of Voting Rights associated with that individual;
- (vi) a person that holds voting rights in a Bank (such a person includes one as set forth in one of the preceding items; hereinafter the same applies in this item), if the sum total of the number of voting rights in that Bank that person holds (if the person is one as set forth in one of the preceding items, this means the number specified in the relevant item) and the number of voting rights in that Bank held by the person's joint holders (a joint holder meaning a second person (including a person as set forth in one of the preceding items) that holds voting rights in a Bank, with which a first person that holds voting rights in that Bank has agreed to jointly acquire and transfer the shares to which those voting rights are attached, and to jointly exercise voting rights and other rights as Bank shareholders (unless the holder of those voting rights is a company set forth in item (ii) and that

second person is a Company, etc. consolidated in the financial statements and other documents of that company; unless the first holder of those voting rights is a first Company, etc. as set forth in item (iii) or (iv) and that second person is a Company, etc. other than that first Company, etc. and belongs to the group of Companies, etc. to which the first Company, etc. belong; and unless the first holder of those voting rights is an individual as set forth in the preceding item and that second person is a Company, etc. in which that individual holds majority voting rights; but including any person that has a special affiliation to the first holder of those voting rights as specified by Cabinet Order)) (if the joint holder is a person as set forth in one of the preceding items, the number of voting rights in that Bank held by that joint holder is the number prescribed in the relevant 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 greater than twenty percent of all shareholders' voting rights in that Bank: the Number of Voting Rights Jointly Held; and

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

(2) In the case referred to in one of the items of the preceding paragraph, the provisions of Article 2, paragraph (11) apply mutatis mutandis to voting rights that the person set forth in the relevant item of that paragraph is deemed to hold and to the voting rights that the holder of the voting rights holds.

(Business License)

Article 4 (1) A person may not engage in Banking unless licensed by the Prime Minister to do so.

(2) Whenever an application is filed for a banking license, the Prime Minister must examine whether the following criteria are met:

(i) the person filing application for the banking license (hereinafter referred to as the "Applicant" in this paragraph) has a sufficient financial basis to perform Bank services soundly and efficiently, and has good prospects for income and expenditures in connection with those services; and

(ii) in light of such points as its personnel structure, the Applicant has the knowledge and experience to perform Bank services appropriately, fairly, and efficiently, and has sufficient social credibility.

(3) If a person whose entire or partial body of shareholders comprises persons engaged in Banking in a foreign state in accordance with foreign laws and regulations (including a person uniquely related to such a person as specified by Cabinet Order, but excluding a Bank, etc.; hereinafter a person so engaged

in Banking in a foreign state is referred to as a "Foreign Bank, etc." in this paragraph) files a banking license application, and the Foreign Bank, etc. lawfully holds voting rights in the person filing the banking license application which exceed the number arrived at by multiplying all shareholders' voting rights in that person shareholders by the rate specified by Cabinet Office Ordinance, in addition to the criteria set forth in the items of the preceding paragraph, the Prime Minister must examine whether it can be found that Banks are treated in substantially the same manner as under this Act in the state where the principal business office of the Foreign Bank, etc. is located; provided, however, that this does not apply if such an examination would interfere with the faithful fulfillment of an international agreement, or in a case specified by Cabinet Order.

- (4) If the Prime Minister finds it to be necessary in the public interest in light of the examination criteria under the preceding two paragraphs, the minister, within the scope of that necessity, may attach conditions to the license referred to in paragraph (1) or change such conditions.
- (5) The term "Bank, etc." as used in paragraph (3) means a Bank, a Long-Term Credit Bank (meaning a Long-Term Credit Bank as prescribed in Article 2 (Definitions) of the Long-Term Credit Bank Act (Act No. 187 of 1952); the same applies hereinafter), or a financial institution specified by Cabinet Office Ordinance.

(Administrative Organs of a Bank)

Article 4-2 A Bank must be a stock company and must have in place the following administrative organs:

- (i) a board of directors;
- (ii) a board of company auditors or a committees (meaning a committee as defined in Article 2, item (xii) (Definitions) of the Companies Act; the same applies in Article 52-18, paragraph (2), item (ii));
- (iii) a financial auditor.

(Amount of Stated Capital)

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

- (2) The amount specified by Cabinet Order which is referred to in the preceding paragraph must not be less than one billion yen.
- (3) A Bank must obtain the authorization of the Prime Minister if it seeks to reduce its stated capital.

(Trade Name)

Article 6 (1) A Bank must use the characters "銀行" (with a pronunciation of

"ginkou" and with a meaning of "bank") in its trade name.

- (2) A person that is not a Bank must not use characters in its name or trade name which indicate it to be a Bank.
- (3) A Bank must obtain the authorization of the Prime Minister if it seeks to change its trade name.

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

Article 7 (1) A director (or, an executive officer, if the Bank is a company with committees) that is engaged in the day-to-day business operations of a Bank must not engage in the day-to-day business operations of any other company without the authorization of the Prime Minister.

- (2) Whenever an application is filed for the authorization referred to in the preceding paragraph, the Prime Minister must not grant that authorization unless the minister finds that the particulars to which the application pertains are unlikely to interfere with the sound and appropriate management of Bank services.

(Eligibility as a Director)

Article 7-2 (1) A director (or, if the relevant Bank is a company with committees, the executive officer) engaged in the day-to-day business operations of a Bank must have the knowledge and experience to be able to implement the executive management of the Bank appropriately, fairly, and efficiently, and must have sufficient social credibility.

- (2) A person that has been issued an order to commence bankruptcy proceedings and that has not been discharged or a person that is treated in the same manner under foreign laws and regulations may not become the director, executive officer, or auditor of a Bank.
- (3) With regard to the application of the provisions of Article 331, paragraph (1), item (iii) of the Companies Act (Qualifications of Directors) (including as applied mutatis mutandis pursuant to Article 335, paragraph (1) of that Act (Qualifications of Company Auditors) and Article 402, paragraph (4) of that Act (Election of Executive Officers)) to the director, executive officer, or auditor of a Bank, the term "this Act" in that item is deemed to be replaced with "the Banking Act, this Act".
- (4) The provisions of the proviso to Article 331, paragraph (2) of the Companies Act (Qualifications of Directors) (including as applied mutatis mutandis pursuant to Article 335, paragraph (1) of that Act (Qualifications of Company Auditors)), Article 332, paragraph (2) of that Act (Directors' Terms of Office) (including as applied mutatis mutandis pursuant to Article 334, paragraph (1) of that Act (Accounting Advisors' Terms of Office)), Article 336, paragraph (2) of that Act (Company Auditors' Terms of Office), and the proviso to Article 402,

paragraph (5) of that Act (Election of Executive Officers) do not apply to a Bank.

(Establishment of Business Offices)

Article 8 (1) Except in a case as specified by Cabinet Office Ordinance, a Bank must file a notification with the Prime Minister pursuant to the provisions of Cabinet Office Ordinance if it seeks to establish a branch or other business office in Japan, change its location (including a change in the location of its head office), change its type, or close it.

(2) Except in a case as specified by Cabinet Office Ordinance, a Bank must obtain the authorization of the Prime Minister pursuant to the provisions of Cabinet Office Ordinance if it seeks to establish a branch or other business office in a foreign state, change its type, or close it.

(3) A Bank must obtain the authorization of the Prime Minister pursuant to the provisions of Cabinet Office Ordinance if it seeks to conclude or terminate a contract under which it entrusts a person with an activity set forth in one of the items of Article 2, paragraph (14) in a foreign state.

(Prohibition on Name Lending)

Article 9 A Bank must not allow another person to engage in Banking in its name.

Chapter II Services

(Scope of Services)

Article 10 (1) A Bank may perform the following services:

- (i) acceptance of deposits and Installment Savings, etc.;
- (ii) the lending of funds and the discounting of bills and notes; and
- (iii) funds transfer transactions.

(2) In addition to the services set forth in the items of the preceding paragraph, a Bank may perform the following services and any other services incidental to Banking:

- (i) guaranteeing obligations and accepting bills and notes;
- (ii) effecting purchase and sales 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 Bonds, etc.; the same applies in items (v)-2 and (vi)) (excluding a purchase and sale that falls under the category of a Transaction of Securities-Related Derivatives) and Transactions of Securities-Related Derivatives (limited to those made with the purpose of investment or that constitute Brokerage with Written Orders);
- (iii) lending securities;

- (iv) underwriting national government bonds, local government bonds, and Government-Guaranteed Bonds (hereinafter collectively referred to as "National Government Bonds, etc." in this Article) (excluding underwriting that is done for a secondary distribution), and handling of public offerings of National Government Bonds, etc. linked to that underwriting;
- (v) acquiring and transferring 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 Specified Bonds issued by Special Purpose Companies (excluding Specified Short-Term Bonds, and limited to when, under the Asset Securitization Plan, the money earned through the issuance of the Specified Bonds will be used only to acquire a nominative monetary claim or a beneficiary interest in a trust into which a nominative monetary claim is placed) and any other securities specified by Cabinet Office Ordinance as equivalent thereto (hereinafter referred to as "Specified Bonds, etc." in this item) (excluding underwriting that is done for a secondary distribution), and handling of public offerings of Specified Bonds, etc. linked to that underwriting;
- (v)-3 acquiring and transferring Short-Term Bonds, etc.;
- (vi) Handling of Private Placements of Securities;
- (vii) becoming entrusted with public offerings of local government bonds, corporate bonds, or other bond certificates, or with the management of the same;
- (viii) acting as agent or intermediary as regards the services of a Bank or other person engaged in financial services (excluding persons engaged in Banking in a foreign state in accordance with foreign laws and regulations (other than a Bank, etc. as provided for in Article 4, paragraph (5); hereinafter referred to as a "Foreign Bank") (excluding services falling under the category of services set forth in the following item) (limited to acting as agent or intermediary as specified by Cabinet Office Ordinance);
- (viii)-2 acting as agent or intermediary as regards the services of a Foreign Bank (limited to agency or intermediation and those specified by Cabinet Office Ordinance if the Bank acts as agent or intermediary as regards the services of a Foreign Bank which is a Subsidiary Company of the Bank)
- (ix) accepting payments of money to the State, local public entities, companies or other entities and handling the administration of other money matters;
- (x) safe depositing securities, precious metals, and other goods;
- (x)-2 Book-Entry Transfer Business;
- (xi) money changing;
- (xii) Derivatives Transactions (other than those that fall under the category of a Transaction of Securities-Related Derivatives; the same applies in the

- following item) that are specified by Cabinet Office Ordinance (other than those that fall under the category of business set forth in item (v));
- (xiii) acting as the intermediary, broker, or agent in Derivatives Transactions (limited to those specified by Cabinet Office Ordinance);
 - (xiv) transactions comprising the parties' promises to pay and receive an amount of money calculated based on the difference between a numerical value that the parties have agreed upon in advance as the numerical value for an money rate, value of currencies, commodity price, carbon dioxide-equivalent quota price (meaning a carbon dioxide equivalent quota as defined in Article 2, paragraph (6) (Definitions) of the Act to Promote Global Warming Countermeasures (Act No. 117 of 1998) or anything else equivalent thereto; the same applies 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 transaction specified by Cabinet Office Ordinance (referred to as a "Financial Derivatives Transaction" in the following item) which is specified by Cabinet Office Ordinance as a transaction that is found to be unlikely to damage the soundness of Bank management (excluding transactions that fall under a category of business set forth in item (v) or (xii));
 - (xv) acting as the intermediary, broker, or agent for Financial Derivatives Transactions (unless this falls under the category of services set forth in item (xiii), and excluding what is specified by Cabinet Office Ordinance);
 - (xvi) Over-the-Counter Securities-Related Derivatives Transactions (limited to those that are settled by payment and receipt of the difference, if the securities involved in the Over-the-Counter Securities-Related Derivatives 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 Bonds, etc.; the same applies in the following item) (excluding transactions that fall under the category of business set forth in item (ii)); and
 - (xvii) acting as the intermediary, broker, or agent for Over-the-Counter Securities-Related Derivatives Transactions.
 - (xviii) the service of allowing the use of machinery and other articles based on a contract satisfying all of the following requirements, under which the use of such articles is to be allowed:
 - (a) the contract is one that the parties may not cancel before the end of the period during which the use of the article subject to the contract (hereinafter referred to as a "Leased Article" in this item) is allowed (hereinafter referred to as the "Period of Use" in this item), or is specified by Cabinet Office Ordinance as being equivalent to such a contract;
 - (b) the contract stipulates that the relevant party is to receive the sum total of the acquisition costs of the Leased Article less the amount corresponding

to the transfer value that could be expected if the Leased Article were to be transferred at the end of the Leased Article's Period of Use, plus the amount corresponding to fixed asset taxes, insurance premiums, and the costs specified by Cabinet Office Ordinance as incidental costs that are needed in order to allow the use of the Leased Article, as consideration during the Period of Use.

- (c) the contract does not provide for ownership of the Leased Article or a right to use or profit from the Leased Article to transfer to the other party at the end of the Period of Use.
 - (xix) acting as agent or intermediary as regards the services set forth in the preceding item.
- (3) The term "Short-Term 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 bonds as prescribed in Article 66, item (i) (Vesting of Rights) of the Act on Book-Entry of Corporate Bonds, Shares;
 - (ii) deleted;
 - (iii) short-term investment corporation bonds as 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 as 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 Business Act (Act No. 105 of 1995);
 - (vi) specified short-term bonds as prescribed in Article 2, paragraph (8) (Definitions) of the Act on the Securitization of Assets (Act No. 105 of 1998);
 - (vii) short-term Norinchukin Bank bonds as prescribed in Article 62-2, paragraph (1) (Issuance of Short-Term Agricultural and Forestry Bonds) of the Norinchukin Bank Act (Act No. 93 of 2001); and
 - (viii) rights that are required to be indicated on bond certificates issued by a foreign corporation, which are to vest based on the entry or record in the transfer account registry pursuant to the provisions of the Act on the Book-Entry of Corporate Bonds, Shares (excluding those with the nature of corporate bond certificates with share options), and which satisfy all of the following requirements:
 - (a) the value of each right is not less than 100 million yen;
 - (b) a fixed due date for redemption of the principal is stipulated and is within one year from the day on which the total value of the rights is paid, and there are no stipulations for an installment plan; and
 - (c) stipulations indicate that the due date for the payment of interest is the

same date as the due date for the redemption of the principal referred to in sub-item (b).

- (4) The terms "Transaction of Securities-Related Derivatives" and "Brokerage with Written Orders" as used in paragraph (2), items (ii) and (xii) mean the Transaction of Securities-Related Derivatives 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 provided for in Article 33, paragraph (2) (Prohibition on Engagement in 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 the government guarantees redemption of the principal and payment of interest.
- (6) The business set forth in paragraph (2), item (v) include the business of performing the activities set forth 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 include the business of performing such activities for Short-Term Bonds, etc.
- (7) The terms "Special Purpose Company", "Asset Securitization Plan", "Specified Bonds", and "Specified Short-Term Bonds" as used in paragraph (2), item (v)-2 mean, a Special Purpose Company, Asset Securitization Plan, Specified Bond, or Specified Short-Term Bond as prescribed in Article 2, paragraph (3), (4), (7), and (8) (Definitions), respectively, of the Act on the Securitization of Assets.
- (8) The term "Handling of Private Placements of Securities" as used in paragraph (2), item (vi) means the handling of a private placement of securities (meaning a Private Placement of Securities as prescribed in Article 2, paragraph (3) (Definitions) as provided for in the Financial Instruments and Exchange Act).
- (9) The term "Book-Entry Transfer Business" as used in paragraph (2), item (x)-2 means the book-entry transfer business that a person performs as an account management institution set forth in Article 2, paragraph (4) (Definitions) of the Act on Book-Entry of Corporate Bonds, Shares.
- (10) The term "Derivatives Transactions" as used in paragraph (2), items (xii) and (xiii) and the term "Over-the-Counter Securities-Related Derivatives Transactions" as used in paragraph (2), items (xvi) and (xvii) mean the Derivatives Transactions prescribed in Article 2, paragraph (20) (Definitions) of the Financial Instruments and Exchange Act and the activity set forth in Article 28, paragraph (8), item (iv) (Definitions) of that Act.

Article 11 In addition to the services it performs pursuant to the provisions of the preceding Article, a Bank may perform the following services, inasmuch as

this does not interfere with the performance of the services set forth in the items of Article 10, paragraph (1):

- (i) investment advisory business as defined in Article 28, paragraph (6) (General Rules) of the Financial Instruments and Exchange Act;
- (ii) services for performing the activities provided for in the items of Article 33, paragraph (2) (Prohibition on Engagement in Securities Services by Financial Institutions) of the Financial Instruments and Exchange Act for the securities or transactions set forth in the items of that paragraph (other than services performed pursuant to the provisions of paragraph (2) of the preceding Article);
- (iii) administrative processes services for a trust, which are performed by the method set forth in Article 3, item (iii) (Methods of Creating a Trust) of the Trust Act (Act No. 108 of 2006); and
- (iv) services for the conclusion of a contract detailing the acquisition or transfer of carbon dioxide equivalent quotas, or services specified by Cabinet Office Ordinance that constitute a person acting as the intermediary, broker, or agent in this (other than services performed pursuant to paragraph (2) of the preceding Article).

Article 12 A Bank may not do business other than that which it does pursuant to the provisions of the preceding two Articles and that which it does pursuant to the provisions of the Secured Bonds Trust Act or other Acts.

(Provision of Information to Depositors)

Article 12-2 (1) In order to contribute to the protection of Depositors, etc. with regard to the acceptance of deposits or Installment Savings, etc. (hereinafter referred to as "Deposits, etc." in this paragraph) (other than the acceptance of specified Deposits, etc. as prescribed in Article 13-4), a Bank must provide information on the contents of Deposit, etc. contracts and other information that should serve as a reference to 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, pursuant to the provisions of Cabinet Office Ordinance, must explain the material details of its services to customers, appropriately handle customer information it acquires in the course of business, take measures to ensure precise execution of its services if it entrusts them to a third party, and take other measures to ensure sound and appropriate management.

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

Article 12-3 (1) A Bank must take the measures specified in the relevant of the following items for the category of case set forth in that item:

- (i) there is a Designated Dispute Resolution Organization: measures to conclude a Basic Contract for the Implementation of Dispute Resolution Procedures with a single Designated Dispute Resolution Organization; and
- (ii) there is no Designated Dispute Resolution Organization: complaint processing measures (meaning measures for having a person as set forth in Article 52-73, paragraph (3), item (iii) provide advice or guidance to the employee or any other worker 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 for seeking to resolve a dispute with a 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) in connection with Banking services.

(2) When a Bank takes measures to conclude a Basic Contract for the Implementation of Dispute Resolution Procedures pursuant to the provisions of the preceding paragraph, it must publicly disclose the trade name or name of the Designated Dispute Resolution Organization that is the other party to the Basic Contract for the Implementation of Dispute Resolution Procedures.

(3) The provisions of paragraph (1) do not apply for the period specified in the relevant of the following items for the category of case set forth in that item:

- (i) a case that formerly fell under the category of case set forth in paragraph (1), item (i), which has come to fall under the category of case set forth in item (ii) of that paragraph: the period that the Prime Minister specifies as the period necessary for taking the measures specified in paragraph (1), item (ii) at the time of granting the authorization to discontinue Dispute Resolution, etc. under Article 52-83, paragraph (1) or at the time of revoking the designation under Article 52-84, paragraph (1);
- (ii) a case that formerly fell under the category of case set forth in paragraph (1), item (i), in which the discontinuation of the Dispute Resolution, etc. of the single Designated Dispute Resolution Organization as 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 as set forth in that item has been revoked pursuant to Article 52-84, paragraph (1) (other than as set forth in the preceding item): the period that the Prime Minister specifies as the period necessary for taking the measures specified in paragraph (1), item (i) at the time of granting such authorization or making such revocation; and

(iii) a case that formerly fell under the category of case set forth in paragraph (1), item (ii), which has come to fall under the category of case set forth in item (i) of that paragraph: the period that the Prime Minister specifies as the period necessary for taking the measures specified in paragraph (1), item (i) at the time of making the designation under Article 52-62, paragraph (1).

(Prohibition Against Becoming an Unlimited Liability Member)

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

(Credit Extended, etc. to a Single Person)

Article 13 (1) The total amount of credit extended, etc. (meaning credit that is extended or a financial contribution as specified by Cabinet Order; hereinafter the same applies in this Article) by a Bank to a single person (a single person includes any other person uniquely related to that single person as specified by Cabinet Order; hereinafter the same applies in this Article) must not exceed the amount arrived at by multiplying the amount of the Bank's equity capital by the ratio specified by Cabinet Order in respect of each of the categories specified by Cabinet Order (the amount thus calculated is referred to as the "limit on extensions of credit, etc." in this Article); provided, however, that this does not apply with the approval of the Prime Minister, if the total amount of credit extended, etc. by a Bank to a single person comes to exceed the limit on extensions of credit, etc. as a result of a merger, joint incorporation-type company split (meaning an incorporation-type company split that two or more stock companies or limited liability companies effect jointly; the same applies in Article 16-3, paragraph (4), item (iv) and Article 52-22, paragraph (1)), absorption-type company split, or business acquisition by the person to which the credit is extended, etc., or due to a compelling reason as specified by Cabinet Order.

(2) If a Bank has a person, such as a Subsidiary Company (other than one specified by Cabinet Office Ordinance), which is uniquely related to the Bank as specified by Cabinet Office Ordinance (hereinafter referred to as a "Subsidiary Company, etc." in this Article), the total amount of credit extended, etc. to a single person by the Bank and its Subsidiary Companies, etc. or by its Subsidiary Companies, etc. must not exceed the amount arrived at 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 in respect of each of the categories specified by Cabinet Order (hereinafter referred to as the "consolidated limit on extensions of credit, etc." in this Article). In such a case, the proviso to the preceding paragraph applies *mutatis mutandis*.

(3) The provisions of the preceding two paragraphs do not apply to the extension

of credit to the national or local government, the extension of credit for which the government guarantees the redemption of the principal and payment of interest, or any other credit extended, etc. which is specified by Cabinet Order as equivalent thereto.

- (4) In the case referred to in paragraph (2), if the total amount of credit extended, etc. to a single 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 credit extended, etc. is deemed to be credit extended, etc. by the Bank.
- (5) Beyond what is provided for in the preceding paragraphs, the method of calculating the amount of credit extended, etc., the amount of 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), the consolidated limit on extensions of credit, etc., and other necessary particulars relevant to the application of the provisions of paragraphs (1) and (2) are specified by Cabinet Office Ordinance.

(Transactions with Specified Related Parties)

Article 13-2 A Bank must not effect the following transactions or perform the following activities with a specified related party (meaning a person, such as a Subsidiary Company of that Bank, a Bank's Major Shareholder in respect of that Bank, a Bank Holding Company that has that Bank as its Subsidiary Company, a Subsidiary Company of such a Bank Holding Company (other than the relevant Bank itself), or a Bank Agent that has that Bank as its Principal Bank, which is uniquely related to that Bank as specified by Cabinet Order; hereinafter the same applies in this Article and the following Article) or with the customer of its specified related party; provided, however, that this does not apply with the approval of the Prime Minister, if there is a compelling reason as specified by Cabinet Office Ordinance for the Bank to effect that transaction or perform that activity:

- (i) a transaction effected with a specified related party which is specified by Cabinet Office Ordinance as having terms and conditions that are disadvantageous to the Bank in light of the ordinary terms and conditions under which the Bank effects transactions; and
- (ii) a transaction effected or activity performed with a specified related party or with the customer of a specified related party which is equivalent to one set forth in the preceding item, and which is specified by Cabinet Office Ordinance as being likely to impair the sound and appropriate performance of Bank services.

(Prohibited Conduct as Concerns Bank Services)

Article 13-3 A Bank must not engage in any of the following conduct (this excludes what is set forth in item (iv), as concerns services for concluding a specified deposit, etc. contract as prescribed in the Article 13-4) as concerns its services:

- (i) conveying false information to a customer;
- (ii) providing a customer with a conclusive assessment with regard to a matter that is uncertain or with information that could mislead the customer into believing that an uncertain matter is actually certain;
- (iii) granting or promising grant credit to a customer on the condition that the customer effect a transaction connected with the services performed by the Bank, a specified related party of the Bank, or a person closely related to the Bank as specified by Cabinet Office Ordinance (other than conduct specified by Cabinet Office Ordinance as being unlikely to result in insufficient customer protection); and
- (iv) conduct beyond what is set forth in the preceding three items, which is specified by Cabinet Office Ordinance as being likely to result in insufficient customer protection.

(Establishment of a System for Protecting the Customers' Interests)

Article 13-3-2 (1) In connection with transactions effected by a Bank, the Bank Agent that has that Bank as its Principal Bank, or the Parent Financial Institution, etc., or Subsidiary Financial Institution, etc. of a Bank, the Bank, pursuant to the provisions of Cabinet Office Ordinance, must properly manage information about the services performed by the Bank, the Bank Agent that has that Bank as its Principal Bank, or the Subsidiary Financial Institution, etc. of the Bank (limited to the Banking, Bank Agency Services, and other services specified by Cabinet Office Ordinance), and establish a system for properly supervising the implementation status of those services or take other necessary measures, in order to ensure that the interests of the customers of its services are not be unjustly impaired.

(2) The term "Parent Financial Institution, etc." as used in the preceding paragraph means a Bank, Financial Instruments Business Operator (meaning a Financial Instruments Business Operator as defined in Article 2, paragraph (9) (Definitions) of the Financial Instruments and Exchange Act; the same applies hereinafter), Insurance Company (meaning an Insurance Company as defined in Article 2, paragraph (2) (Definitions) of the Insurance Business Act; the same applies hereinafter), or other person engaged in financial services which is specified by Cabinet Order, which Cabinet Order stipulates as holding the majority of all shareholders' voting rights in the relevant Bank or as being closely related to that Bank in any other such way.

(3) The term "Subsidiary Financial Institution, etc." as used in paragraph (1)

means a Bank, Financial Instruments Business Operator, Insurance Company, or other person engaged in financial services which is specified by Cabinet Order, in which Cabinet Order stipulates the relevant Bank to hold the majority of All Shareholders', etc. Voting Rights or which Cabinet Order stipulates to be closely related to that Bank in any other such way.

(Application Mutatis Mutandis of the 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 in Which a Professional Investor Is Deemed to Be a Customer Other Than a Professional Investor) and Article 34-3, paragraphs (5) and (6) inclusive (When a Customer Other than a Professional Investor Is a Corporation and That Corporation Is Deemed to Be a Professional Investor)) (Professional Investors); Section 2, Subsection 1 of that Chapter (excluding Articles 35 to 36-4 inclusive (Scope of Services for Persons Engaged in Type I Financial Instruments Business or Investment Management Business; Scope of Concurrent Business by Persons Only Engaged in Type II Financial Instruments Business or Investment Advisory and Agency Business; Duty of Sincerity to Customers; Posting of Signs; Prohibition on Name Lending; Prohibition on Corporate Bond Management), Article 37, paragraph (1), item (ii) (Regulation of Advertising); Article 37-2 (Obligation to Clarify the 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 in Connection with the Receipt of a Security Deposit); Article 37-7 (Obligation to Conclude a Contract with a Designated Dispute Resolution Organization); Article 38, items (i) and (ii); Article 38-2 (Prohibited Acts); the proviso to Article 39, paragraph (3); Article 39, paragraph (5) (Prohibition on Compensation of Loss); Articles 40-2 to 40-5 inclusive (Best Execution Policy; Prohibition of Purchase and Sale, etc. If Separate Management Is Not Ensured; Restrictions on the Purchase and Sale, etc. of Securities for Professional Investors, Obligation to Notify in Connection with Securities for Professional Investors)) (General Rules); and Article 45 (excluding items (iii) and (iv)) (Miscellaneous Provisions) of the Financial Instruments and Exchange Act apply mutatis mutandis to a Bank's conclusion of a specified deposit, etc. contract (meaning a contract detailing the acceptance of specified deposits, etc. (meaning those that are specified by Cabinet Office Ordinance as deposits or Installment Savings, etc. that carry the risk of a loss of the principal due to fluctuations in the money rate, value of currencies, quotations on a financial instruments market as prescribed in Article 2, paragraph (14) of that Act, or any other index); the same applies

hereinafter). In this case, the term "Financial Instruments Transaction Contract" in these provisions is deemed to be replaced with "specified deposit, etc. contract"; the term "Financial Instruments Business" in these provisions is deemed to be replaced with "services for concluding a specified deposit, etc. contract"; the term "act that constitutes a Financial Instruments transaction" in these provisions (excluding the provisions of Article 34 of that Act) is deemed to be replaced with "conclusion of specified deposit, etc. contract"; the phrase "contract for the Financial Instruments Business Operator, etc. to perform an act that constitutes a Financial Instruments transaction (meaning an act as set forth in the items of Article 2, paragraph (8); the same applies hereinafter) with the customer as the other party or on behalf of the customer" in Article 34 of that Act is deemed to be replaced with "specified deposit, etc. contract as prescribed in Article 13-4 of the Banking Act"; the word "; provided" in Article 37-3, paragraph (1) of that Act is deemed to be replaced with "and, in order to contribute to the protection of Depositors, etc. (meaning Depositors, etc. as prescribed in Article 2, paragraph (5) of the Banking Act; hereinafter the same applies in this paragraph), must provide the customer with information on the details of the specified deposit, etc. contract and other information that should serve as a reference to the Depositors, etc. in advance, pursuant to the provisions of Cabinet Office Ordinance; provided"; in Article 39, paragraph (1), item (i) of that Act, the phrase "a purchase and sale or other transaction of Securities (excluding a purchase and sale with a repurchase requirement and a predetermined repurchase price, and other transactions specified by Cabinet Order) or a Derivatives Transaction (hereinafter collectively referred to as a "Purchase and Sale or Other Transaction of Securities, etc." in this Article)" is deemed to be replaced with "the conclusion of specified deposit, etc. contract", the phrase "Securities or Derivatives Transaction (hereinafter collectively referred to as 'Securities, etc.' in this Article)" is deemed to be replaced with "specified deposit, etc. contract", the phrase "customer (if a Trust Company, etc. (meaning a trust company or a financial institution that has obtained the authorization referred to in Article 1, paragraph (1) of the Act on Engagement in Trust Business by a Financial Institution; the same applies hereinafter) conducts the purchase and sale of Securities or a Derivatives Transaction on the account of a person that establishes a trust based on a trust contract, this includes the person that establishes the trust; hereinafter the same applies in this Article)" is deemed to be replaced with "customer", and the phrase "to supplement its profits" is deemed to be replaced with "to supplement its profits, other than as under the specified deposit, etc. contract"; in Article 39, paragraph (1), items (ii) and (iii) of that Act, the term "a Purchase and Sale or Other Transaction of Securities, etc." is deemed to be replaced with "the conclusion of a specified deposit, etc.

contract" and the term "Securities, etc." is deemed to be replaced with "specified deposit, etc. contract"; in item (ii) of that paragraph, the phrase "in order to add to the profit that the customer has accrued in connection with those Securities, etc." is deemed to be replaced with "in order to add to the profit that the customer has accrued in connection with those Securities, etc., other than as under the specified deposit, etc. contract"; in item (iii) of that paragraph, the term "in order to add to the profit that the customer has accrued in connection with those Securities, etc." is deemed to be replaced with "in order to add to the profit that the customer has accrued in connection with those Securities, etc., other than as under the specified deposit, etc. contract"; in paragraph (2) of that Article, the term "a Purchase and Sale or Other Transaction of Securities, etc." is deemed to be replaced with "the conclusion of a specified deposit, etc. contract"; in paragraph (2) of that Article, the phrase "which is specified by Cabinet Office Ordinance as a potential cause of" is deemed to be replaced with "which is a potential cause of"; in Article 45, item (ii) of that Act the phrase "Articles 37-2 to 37-6 inclusive; Article 40-2, paragraph (4); and Article 43-4" is deemed to be replaced with "Article 37-3 (limited to the part involving 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 is specified by Cabinet Order.

(Extension of Credit to a Director)

Article 14 (1) A Bank must not extend credit to the director or executive officer of the Bank under terms and conditions that are disadvantageous to the Bank in light of the ordinary terms and conditions under which the Bank extends credit.

(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 Article 356, paragraph (1) (Restrictions on Competition and Conflicting Interest Transactions) of that Act as 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 to approval by the board of directors under 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 when a Bank director or executive officer is extended credit by that Bank, the phrase "the majority (when a higher proportion is provided for in the articles of incorporation, such proportion or more)" in that paragraph is deemed to be replaced with "at least a two-thirds majority (if a higher proportion is provided for in the articles of incorporation, such a proportion)".

(Ensuring Sound Management)

Article 14-2 The Prime Minister may stipulate the criteria set forth as follows and any other criteria as the criteria for a Bank to use in order to determine the soundness of its management, in order to contribute to the sound management of Bank services:

- (i) whether the adequacy of the Bank's equity capital is appropriate in light of circumstances such as the assets owned by that Bank; and
- (ii) whether the adequacy of equity capital of the Bank and any company, such as its Subsidiary Company, which is uniquely related to that Bank as specified by Cabinet Office Ordinance (hereinafter each such a company is referred to as a "Subsidiary Company, etc." in this item, Chapter III, and Chapter IV), are appropriate in light of circumstances such as the assets owned by the Bank and its Subsidiary Companies, etc.

(Non-Business Days and Business Hours)

Article 15 (1) Banks' non-business days are limited to Sundays and the days specified by Cabinet Order.

(2) Banks' business hours are specified by Cabinet Office Ordinance in consideration of circumstances such as the status of financial transactions.

(Temporary Suspension of Business)

Article 16 (1) Except in the cases specified by Cabinet Office Ordinance, if a Bank temporarily suspends the whole or part of business at its business office due to a natural disaster or for any other reason beyond its control, it must immediately file a notification with the Prime Minister indicating this and giving the reason for the same, as well as issuing a public notice of this and posting this at that business office, pursuant to the provisions of Cabinet Office Ordinance. The same applies once a Bank resumes the whole or part of its business at a business office where it has or temporarily suspended the whole or part of its business.

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

Chapter II-2 Subsidiary Companies, etc.

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

Article 16-2 (1) A Bank must not have a company other than one set forth in the following (hereinafter such a company is referred to as a "Company Eligible to

Be a Subsidiary Company" in this Article) as its Subsidiary Company:

(i) a Bank;

(ii) a Long-Term Credit Bank;

(ii)-2 a fund transfer specialist as defined in Article 2, paragraph (3)

(Definitions) of the Act on Financial Settlements (Act No. 59 of 2009)

(excluding a fund transfer specialist falling under the category of a company set forth in item (vii)) which exclusively engages in Fund Transfer Services (meaning fund transfer services as defined in paragraph (2) of that Article) or services specified by Cabinet Office Ordinance (referred to as a "Company Specialized in Fund Transfers" in Article 52-23, paragraph (1), item (i)-2);

(iii) a Financial Instruments Business Operator 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 applies hereinafter), exclusively engages in services through which it performs the actions set forth in any of items (i) to (viii) inclusive of Article 35, paragraph (1) (Scope of Services for Persons Engaged in Type I Financial Instruments Business or Investment Management Business) of that Act and other services specified by Cabinet Office Ordinance (hereinafter referred to as a "Specialized Securities Company");

(iv) a Financial Instruments Intermediary Service Provider as prescribed in Article 2, paragraph (12) (Definitions) of the Financial Instruments and Exchange Act which, apart from Financial Instruments Intermediary Service (meaning Financial Instruments Intermediary Service as prescribed in Article 2, paragraph (11) (Definitions) of that Act and limited to services through which it performs the actions set forth in any of the following; hereinafter the same applies in this item), exclusively engages in services incidental to Financial Instruments Intermediary Service and other services specified by Cabinet Office Ordinance (hereinafter referred to as a "Specialized Securities Intermediation Company");

(a) actions set forth in Article 2, paragraph (11), item (i) (Definitions) of the Financial Instruments and Exchange Act;

(b) intermediation for entrusting a person with 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 on a Foreign Financial Instruments Market as prescribed in Article 2, paragraph (8), item (iii), sub-item (b) (Definitions) of that Act (other than actions as set forth in sub-item (c));

(c) acting as intermediary for entrusting a person with the action set forth in Article 28, paragraph (8) item (iii) or (v) (General Rules) of the Financial Instruments and Exchange Act; and

(d) actions set forth in Article 2, paragraph (11), item (iii) (Definitions) of the

Financial Instruments and Exchange Act.

- (v) an Insurance Company;
- (v)-2 a Low-Cost, Short-Term Insurance Provider as prescribed in Article 2, paragraph (18) (Definitions) of the Insurance Business Act (hereinafter referred to as a "Low-Cost, Short-Term Insurance Provider");
- (vi) a trust company as prescribed in Article 2, paragraph (2) (Definitions) of the Trust Business Act (Act No. 154 of 2004) which exclusively engages in Trust Business, etc. (meaning Trust Business, etc. as prescribed in Article 1, paragraph (1) (Authorization for Trust Business, etc.) of the 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 applies hereinafter) (hereinafter referred to as a "Company Specialized in Trust Business");
- (vii) a foreign company that engages in Banking;
- (viii) a foreign company that engages in Securities Services (other than one that falls under the category of company set forth in the preceding item);
- (ix) a foreign company that engages in Insurance Business (meaning Insurance Business as prescribed in Article 2, paragraph (1) (Definitions) of the Insurance Business Act; the same applies hereinafter) (other than one that falls under the category of company set forth in item (vii));
- (x) a foreign company that engages in Trust Business (meaning Trust Business as prescribed in Article 2, paragraph (1) (Definitions) of the Trust Business Act; the same applies hereinafter) (other than one that falls under the category of company set forth in item (vii));
- (xi) a company that exclusively performs dependent services or Financial Services (if a company performs dependent services, this is limited to one that does so primarily in respect of services performed by the relevant Bank, its Subsidiary Company (limited to a company as set forth in one of items (i) to (ii)-2 inclusive and (vii); the same applies in paragraph (7)), or any other entity specified by Cabinet Office Ordinance as being similar to the Bank or its Subsidiary Company, and if a company performs financial services and falls under one of the following business categories, this is limited to the case as prescribed in the relevant category):
 - (a) a company that performs Specialized Securities Services, Specialized Insurance Services, and Specialized Trust Services: the total number of voting rights held in the company by the Bank's Securities Subsidiary Companies, etc. exceeds the total number of voting rights held therein by the Bank and its Subsidiary Companies (other than its Securities Subsidiary Companies, etc., Insurance Subsidiary Companies, etc., and Trust Subsidiary Companies, etc.); the total number of voting rights held in the company by the Bank's Insurance Subsidiary Companies, etc.

exceeds the total number of voting rights held therein by the Bank and its Subsidiary Companies (other than its Securities Subsidiary Companies, etc., Insurance Subsidiary Companies, etc., and Trust Subsidiary Companies, etc.); and the total number of voting rights held in the company by the Bank's Trust Subsidiary Companies, etc. exceeds the total number of voting rights held therein by the Bank and its Subsidiary Companies (other than its Securities Subsidiary Companies, etc., Insurance Subsidiary Companies, etc., and Trust Subsidiary Companies, etc.);

- (b) a company that performs both Specialized Securities Services and Specialized Insurance Services (other than one as set forth in sub-item (a)): the total number of voting rights held in the company by the Bank's Securities Subsidiary Companies, etc. exceeds the total number of voting rights held therein by the Bank and its Subsidiary Companies (other than its Securities Subsidiary Companies, etc. and Insurance Subsidiary Companies, etc.); and the total number of voting rights held in the company by the Bank's Insurance Subsidiary Companies, etc. exceeds the total number of voting rights held therein by the Bank and its Subsidiary Companies (other than its Securities Subsidiary Companies, etc. and Insurance Subsidiary Companies, etc.);
- (c) a company that performs both Specialized Securities Services and Specialized Trust Services (other than one as set forth in sub-item (a)): the total number of voting rights in the company held by the Bank's Securities Subsidiary Companies, etc. exceeds the total number of voting rights held therein by the Bank and its Subsidiary Companies (other than its Securities Subsidiary Companies, etc. and Trust Subsidiary Companies, etc.); and the total number of voting rights held in the company by the Bank's Trust Subsidiary Companies, etc. exceeds the total number of voting rights held therein by the Bank and its Subsidiary Companies (other than its Securities Subsidiary Companies, etc. and Trust Subsidiary Companies, etc.);
- (d) a company that performs both Specialized Insurance Services and Specialized Trust Services (other than one as set forth in sub-item (a)): the total number of voting rights held in the company by the Bank's Insurance Subsidiary Companies, etc. exceeds the total number of voting rights held therein by the Bank and its Subsidiary Companies (other than its Insurance Subsidiary Companies, etc. and Trust Subsidiary Companies, etc.); and the total number of voting rights held in the company by the Bank's Trust Subsidiary Companies, etc. exceeds the total number of voting rights held therein by the Bank and its Subsidiary Companies (other than its Insurance Subsidiary Companies, etc. and Trust Subsidiary

- Companies, etc.);
- (e) a company that performs Specialized Securities Services (other than one as set forth in sub-item (a), (b), or (c)): the total number of voting rights held in the company by the Bank's Securities Subsidiary Companies, etc. exceeds the total number of voting rights held therein by the Bank and its Subsidiary Companies (other than its Securities Subsidiary Companies, etc.);
 - (f) a company that performs Specialized Insurance Services (other than one as set forth in sub-item (a), (b), or (d)): the total number of voting rights held in the company by the Bank's Insurance Subsidiary Companies, etc. exceeds the total number of voting rights held therein by the Bank and its Subsidiary Companies (other than its Insurance Subsidiary Companies, etc.); and
 - (g) a company that performs Specialized Trust Services (other than one as set forth in sub-item (a), (c), or (d)): the total number of voting rights held in the company by the Bank's Trust Subsidiary Companies, etc. exceeds the total number of voting rights held therein by the Bank and its Subsidiary Companies (other than its Trust Subsidiary Companies, etc.).
- (xii) a company specified by Cabinet Office Ordinance as one that is developing a new business field or engaging in new business activities that are found to contribute considerably to improving business operations (but only if the aggregate total of the voting rights in the company that are held by the Bank and those of its Subsidiary Companies which are other than companies as set forth in the preceding item and specified by Cabinet Office Ordinance (each such other company is referred to as a "Specified Subsidiary Company" in paragraph (7) of the following Article) does not exceed the maximum threshold for voting rights held as prescribed in Article 16-3, paragraph (1)); and
- (xiii) a Holding Company as specified by Cabinet Office Ordinance, whose Subsidiary Companies consist exclusively of companies as set forth in the preceding items (including a company that is scheduled to become such a Holding Company).
- (2) In the preceding paragraph, the meanings of the terms listed in the following items are as prescribed respectively in those items:
- (i) Dependent Services: services specified by Cabinet Office Ordinance as being dependent on the services performed by a Bank or by a company as set forth in one of items (ii) to (x) inclusive of the preceding paragraph;
 - (ii) Financial Services: services specified by Cabinet Office Ordinance as being incidental or related to Banking, Securities Services, Insurance Business, or Trust Business;
 - (iii) Specialized Securities Services: services specified by Cabinet Office

- Ordinance as being incidental or related exclusively to Securities Services;
- (iv) Specialized Insurance Services: services specified by Cabinet Office Ordinance as being incidental or related exclusively to Insurance Business;
- (v) Specialized Trust Services: services specified by Cabinet Office Ordinance as being incidental or related exclusively to Trust Business;
- (vi) Securities Subsidiary Company, etc.: a Bank's Subsidiary Company that constitutes one of the following companies:
- (a) a Specialized Securities Company, Specialized Securities Intermediation Company, or foreign company that engages in Securities Services;
 - (b) a Holding Company as set forth in item (xiii) of the preceding paragraph, which has a company as set forth in sub-item (a), above, as its Subsidiary Company; and
 - (c) any other company that is the Subsidiary Company of a Specialized Securities Company or Specialized Securities Intermediation Company that, in turn, is the Subsidiary Company of that Bank, and is specified by Cabinet Office Ordinance.
- (vii) Insurance Subsidiary Company, etc.: a Bank's Subsidiary Company that constitutes one of the following companies:
- (a) an Insurance Company; Low-Cost, Short-Term Insurance Provider; or foreign company which engages in Insurance Business;
 - (b) a Holding Company as set forth in item (xiii) of the preceding paragraph, which has a company as set forth in sub-item (a), above, as its Subsidiary Company; and
 - (c) any other company that is the Subsidiary Company of an Insurance Company or Low-Cost, Short-Term Insurance Provider that, in turn, is the Subsidiary Company of that Bank, and is specified by Cabinet Office Ordinance.
- (viii) Trust Subsidiary Company, etc.: a Bank's Subsidiary Company that constitutes one of the following companies:
- (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 the 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 a foreign company that engages in Trust Business;
 - (c) a Holding Company as set forth in item (xiii) of the preceding paragraph, which has a company as set forth in sub-item (a) or (b), above, as its Subsidiary Company; and
 - (d) any other company that is the Subsidiary Company of a Trust Bank or Company Specialized in Trust Business that, in turn, is the Subsidiary Company of that Bank, and is specified by Cabinet Office Ordinance.

- (3) The provisions of paragraph (1) do not apply if a company other than a Company Eligible to Be a Subsidiary Company becomes the Subsidiary Company of a Bank through an acquisition of shares, etc. by the Bank or its Subsidiary Company due to the enforcement of a security interest or any other cause specified by Cabinet Office Ordinance; provided, however, that a Bank must take the measures that it needs to take so that the company that has so become its Subsidiary Company is no longer its Subsidiary Company by the day on which one year has passed since the date on which that cause arose.
- (4) Unless a Bank obtains authorization for a merger, company split, or business acquisition 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), the Bank must obtain the authorization of the Prime Minister before seeking to make a Subsidiary Company out of a Company Eligible to Be a Subsidiary Company which constitutes a company set forth in one of items (i) to (xi) inclusive and (xiii) of paragraph (1) (other than a company that exclusively engages in Dependent Services (meaning Dependent Services as defined in paragraph (2), item (i); hereinafter the same applies in this paragraph and paragraph (7)) or services specified by Cabinet Office Ordinance as being incidental or related exclusively to Banking (if it is a company that engages in Dependent Services, this is limited to one that does so primarily in respect of services performed by the Bank); such a Company Eligible to Be Subsidiary Company is referred to as a "Bank, etc. Eligible to Be a Subsidiary Company" in this Article and paragraph (4), item (i) of the following Article).
- (5) The provisions of the preceding paragraph do not apply if a Bank, etc. Eligible to Be a Subsidiary Company becomes the Subsidiary Company of a Bank through an acquisition of shares, etc. by the Bank or its Subsidiary Company due to the enforcement of a security interest or any other cause specified by Cabinet Office Ordinance; provided, however, that unless it obtains the authorization of the Prime Minister to continue to have, as its Subsidiary Company, the Bank, etc. Eligible to Be a Subsidiary Company which has become its Subsidiary Company, the Bank must take the measures that it needs to take so that the Bank, etc. Eligible to Be a Subsidiary Company is no longer its Subsidiary Company by the day on which one year has passed since the date on which that cause arose.
- (6) The provisions of paragraph (4) apply mutatis mutandis if a Bank seeks to make a Subsidiary Company that constitutes a company as set forth in one of the items of paragraph (1) into a Subsidiary Company that constitutes a company as set forth in any other item of that paragraph (limited to one that is 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 stipulates the criteria for whether a company performs Dependent Services primarily for a Bank, its Subsidiary Company, or any other person specified by Cabinet Office Ordinance as similar thereto, or in respect of services performed by a Bank.

- (8) With regard to application of the provisions of paragraph (1), item (xi) if a Bank is a Trust Bank, the term "the total number of voting rights held in the company by the Bank's Trust Subsidiary Companies, etc. exceeds the total number of voting rights held therein by the Bank and its Subsidiary Companies" in paragraph (1), item (xi), sub-items (a), (c), (d), and (g) is deemed to be replaced with "the total number of voting rights held in the company by the Bank and its Trust Subsidiary Companies, etc. exceeds the total number of voting rights held therein by the Bank's Subsidiary Companies".

(Restriction on Acquisition of Voting Rights by a Bank)

Article 16-3 (1) It is prohibited for a Bank and its Subsidiary Companies to acquire or hold voting rights in a domestic company (other than a company as set forth in paragraph (1), item (i) to (vi) inclusive, (xi), or (xiii) of the preceding Article; hereinafter the same applies in this Article) which, in aggregate, exceed the maximum threshold for voting rights held (meaning the number of voting rights that constitutes five percent of All Shareholders', etc. Voting Rights in the domestic company; hereinafter the same applies in this Article).

- (2) The provisions of the preceding paragraph do not apply if a Bank or its Subsidiary Company comes to acquire or hold voting rights in a domestic company which exceed the maximum threshold for voting rights held due to the enforcement of a security interest or any other cause specified by Cabinet Office Ordinance; provided, however, that unless the Bank obtains the approval of the Prime Minister in advance, it is prohibited for the Bank and its Subsidiary Companies to continue to hold the part of the voting rights which, in aggregate, they have come to acquire or hold in excess of the maximum threshold for voting rights held after one year has passed since the day on which they came to acquire or hold those voting rights.

- (3) In the case referred to in the proviso to the preceding paragraph, it is prohibited for any part of the voting rights in a domestic company which a Bank and its Subsidiary Companies have come to acquire or hold that, in aggregate, exceeds fifty percent of All Shareholders', etc. Voting Rights in that company, to be made subject to the approval referred to in the preceding paragraph that the Prime Minister gives; and if the Prime Minister gives the approval referred to in the preceding paragraph, this must be made conditional upon the Bank and its Subsidiary Companies promptly disposing of the part of the voting rights they have come to acquire or hold in excess of the maximum

threshold for voting rights held.

- (4) Notwithstanding the provisions of paragraph (1), in a case set forth in one of the following items, even if the voting rights in a domestic company that a Bank and its Subsidiary Companies come to hold on the day prescribed in the relevant item exceed the maximum threshold for voting rights held, the Bank and its Subsidiary Companies may hold those voting rights in excess of the maximum threshold for voting rights held, from that day forward; provided, however, that the Prime Minister must not grant the authorization provided for in the relevant of the following items (or the license, in the case under item (vi); the same applies in the following paragraph) if, in the case set forth in that item, the Bank and its Subsidiary Companies would come to hold voting rights in a domestic company which, in aggregate, would exceed fifty percent of All Shareholders', etc. Voting Rights in that company:
- (i) a Bank makes a Bank, etc. Eligible to Be a Subsidiary Company its Subsidiary Company, under the authorization referred to in paragraph (4) of the preceding Article (limited to a case as specified by Cabinet Office Ordinance): the day it makes it its Subsidiary Company;
 - (ii) a Bank is incorporated in a merger, under the authorization referred to in Article 30, paragraph (1) of this Act or Article 5, paragraph (1) (Authorization) of the Act on Mergers and Conversions by Financial Institutions: the day it is incorporated;
 - (iii) a Bank implements a merger, under the authorization referred to in Article 30, paragraph (1) of this Act or Article 5, paragraph (1) (Authorization) of the Act on Mergers and Conversions by Financial Institutions (but only if the Bank survives the merger): the day it implements the merger;
 - (iv) a company incorporated in a joint incorporation-type company split under the authorization referred to in Article 30, paragraph (2) obtains the license referred to in Article 4, paragraph (1) and becomes a Bank: the day it obtains the license;
 - (v) a Bank succeeds to a business in an absorption-type company split, under the authorization referred to in Article 30, paragraph (2) (limited to a case as specified by Cabinet Office Ordinance): the day the absorption-type company split is implemented; and
 - (vi) a Bank makes a business acquisition, under the authorization referred to in Article 30, paragraph (3) (limited to a case as specified by Cabinet Office Ordinance): the day it makes that business acquisition.
- (5) The Prime Minister, in giving the authorization provided for in the items of the preceding paragraph, must make this conditional on the Bank's or its Subsidiary Companies' disposal of the part of the voting rights in the domestic company which they come to hold on the day set forth in the relevant of those

items that, in aggregate, exceeds the maximum threshold for voting rights held, in accordance with the requirements set by the Prime Minister, by the day on which five years have passed since that day.

- (6) If a Bank and its Subsidiary Companies come to hold voting rights in a domestic company which, in aggregate, exceed the maximum threshold for voting rights held, the Bank is deemed to be the one that has acquired or that holds the part of the voting rights that is in excess of this.
- (7) In a case as referred to in one of the preceding paragraphs, a Specified Subsidiary Company is deemed not to be the Subsidiary Company of a Bank with respect to the acquisition or holding of voting rights in a company specified by Cabinet Office Ordinance as one that is developing a new business field or engaging in new business activities that are found to contribute considerably to improving business operations.
- (8) The provisions of Article 2, paragraph (11) apply mutatis mutandis to voting rights that a Bank or its Subsidiary Company acquires or holds in a case referred to in one of the preceding paragraphs.

Chapter III Accounting

(Business Year)

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

(Amount 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, if a Bank pays dividends from surplus, it must record an amount corresponding to one-fifth 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)

Article 19 (1) Each business year, a Bank must prepare an interim business report for the interim business year (meaning the period from April 1 through September 30 of the business year; the same applies hereinafter) that is a part of the relevant business year stating its business and financial condition, prepare a business report for the entire business year stating its business and financial condition, and submit these to the Prime Minister.

(2) If a Bank has a Subsidiary Company, etc., each business year, in addition to the reports referred to in the preceding paragraph, the Bank must prepare an interim business report for the interim business year that is a part of the

relevant business year, in which it states the business and financial condition of that Bank and its Subsidiary Companies, etc. on a consolidated basis; prepare a business report for the entire business year in which it states this on a consolidated basis; and submit these reports to the Prime Minister.

- (3) The information for inclusion in the reports set forth in the preceding two paragraphs, the due dates for submission, and other necessary information with regard to these reports is specified by Cabinet Office Ordinance.

(Public Notice of Balance Sheets)

Article 20 (1) Each business year, a Bank must prepare a balance sheet and a profit and loss statement for the interim business year that is a part of the relevant business year (hereinafter referred to as an "Interim Balance Sheet, etc." in this Article) and for the entire business year (hereinafter referred to as a "Balance Sheet, etc." in this Article), pursuant to the provisions of Cabinet Office Ordinance.

- (2) If a Bank has a Subsidiary Company, etc., each business year, in addition to an Interim Balance Sheet, etc. and a Balance Sheet, etc., the Bank must prepare a balance sheet and profit and loss statement for the interim business year that is a part of the relevant business year, in which it makes entries for the Bank and its Subsidiary Companies, etc. on a consolidated basis (hereinafter referred to as an "Interim Consolidated Balance Sheet, etc." in this Article), and prepare a balance sheet and profit and loss statement for the entire business year in which it makes entries for the Bank and its Subsidiary Companies, etc. on a consolidated basis (hereinafter referred to as a "Consolidated Balance Sheet, etc." in this Article), pursuant to the provisions of Cabinet Office Ordinance.

- (3) An Interim Balance Sheet, etc.; Balance Sheet, etc.; Interim Consolidated Balance Sheet, etc.; or Consolidated Balance Sheet, etc. may be prepared as an electronic or magnetic record (meaning a record prepared in an electronic form, magnetic form, or any other form that cannot be perceived through the human senses alone, which is specified by Cabinet Office Ordinance as being used in computer data processing; the same applies hereinafter).

- (4) A Bank, pursuant to the provisions of Cabinet Office Ordinance, must issue 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 its Balance Sheet, etc. and Consolidated Balance Sheet, etc. within three months after the end of the relevant business year; provided, however, that if it is not possible for a Bank to issue public notice of these documents within that three-month period due to reasons beyond its control, it may postpone that public notice, with the approval of the Prime Minister.

- (5) Notwithstanding the provisions of the preceding paragraph, it is sufficient for

a Bank that uses the means of public notice (meaning a means of public notices prescribed in Article 2, item (xxxiii) (Definitions) of the Companies Act; the same applies hereinafter) set forth in Article 57, item (i), to issue a public notice that gives an overview of the 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. The proviso to the preceding paragraph applies mutatis mutandis in such a case.

- (6) Pursuant to the provisions of Cabinet Office Ordinance, a Bank as provided in the preceding paragraph may employ a measure, within three months after the end of the relevant interim business year, which uses electronic or magnetic means (meaning a means that makes use of an electronic data processing system or any other means specified by Cabinet Office Ordinance which employs information and communications technology; the same applies hereinafter) to put the information contained in the Interim Balance Sheet, etc. and Interim Consolidated Balance Sheet, etc. into a form that will make it possible for many and unspecified persons to be provided with it over a continuous period of five years; and may employ a measure, within three months after the end of the relevant business year, which uses electronic or magnetic means to put the information contained in the Balance Sheet, etc. and Consolidated Balance Sheet, etc. into a form that will make it possible for many and unspecified persons to be provided with it over a continuous period of five years. In doing so, the Bank is deemed to have issued the public notice under the provisions of paragraph (4).
- (7) The provisions of the preceding paragraphs do not apply to a Bank that is required to submit an annual securities report to the Prime Minister pursuant to the provisions of Article 24, paragraph (1) (Submission of Annual Securities Reports) of the Financial Instruments and Exchange Act.

(Making Explanatory Documents about Business and Financial Condition Available for Public Inspection)

Article 21 (1) Each business year, a Bank must prepare explanatory documents for the interim business year that is a part of the relevant business year, in which it states the particulars specified by Cabinet Office Ordinance as pertinent to its business and financial condition; prepare explanatory documents for the entire business year in which it states these particulars; keep these documents at its business offices (other than unmanned business offices and other offices specified by Cabinet Office Ordinance; the same applies in the following paragraph and paragraph (4)); and make them available for public inspection. The same applies to documents prepared pursuant to the provisions of paragraph (1) of the preceding Article.

- (2) If a Bank has a Subsidiary Company, etc., each business year, it must prepare

explanatory documents for the interim business year that is a part of the relevant business year, in which it states the particulars specified by Cabinet Office Ordinance as pertinent to the business and financial condition of the Bank and its Subsidiary Companies, etc., on a consolidated basis; prepare explanatory documents for the entire business year in which it states such particulars on a consolidated basis; keep these documents at its business offices together with the documents prepared pursuant to the first sentence of the preceding paragraph; and make them available for public inspection. The same applies to documents prepared pursuant to 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 as prescribed in the first sentence of paragraph (1) and the first sentence of the preceding paragraph may be prepared as electronic or magnetic records.
- (4) If the explanatory documents for the interim business year and those for the entire business year which are provided for in the first sentence of paragraph (1) or the documents provided for in the second sentence of that paragraph are prepared as electronic or magnetic records, the Bank may employ what is specified by Cabinet Office Ordinance as a measure that uses electronic or magnetic means to put the information recorded in an electronic or magnetic record into a form that makes it possible for many and unspecified persons to be provided with it at its business offices. In doing so, the Bank is deemed to be keeping the explanatory documents for the interim business year and those for the entire business year which are provided for in the first sentence of paragraph (1) or the documents provided for 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 apply *mutatis mutandis* to the explanatory documents for the interim business year and those for the entire business year as prescribed in the first sentence of paragraph (2) and to the documents prescribed in the second sentence of that paragraph.
- (6) Beyond what is provided for in the provisions of the preceding paragraphs, the periods of time during which the documents referred to in paragraph (1) or (2) are made available for public inspection and other necessary particulars relevant to the application of these provisions are specified by Cabinet Office Ordinance.
- (7) A Bank must endeavor to disclose information that should serve as a reference in allowing depositors or other customers to learn of the business and financial condition of the Bank and its Subsidiary Companies, etc., in addition to the information prescribed in the preceding paragraphs.

(Information for Inclusion in a Business Report)

Article 22 Information for inclusion in the business reports and annexed detailed statements which a Bank prepares pursuant to Article 435, paragraph (2) (Preparation and Retention of Financial Statements, etc.) of the Companies Act, or information to be recorded in the same, is 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 do not apply to the accounting books of a Bank or materials connected with these.

Chapter IV Supervision

(Submission of Reports or Materials)

Article 24 (1) If the Prime Minister finds it to be necessary for ensuring the sound and appropriate management of Bank services, the minister may request a Bank (this includes a Bank Agent that has the relevant Bank as its Principal Bank) to submit reports or materials connected with its business or financial condition.

(2) If the Prime Minister finds it to be particularly necessary for ensuring the sound and appropriate management of Bank services, the minister, within the scope of that necessity, may request the subsidiary corporation, etc. of a Bank (meaning a Subsidiary Company or a corporation that is specified by Cabinet Office Ordinance as one whose management is controlled by a Bank; the same applies in the following paragraph, paragraphs (2) and (5) of the following Article and Article 47, paragraph (2)) or a person that a Bank has entrusted with its services (other than a Bank Agent as referred to in the preceding paragraph; the same applies in the following paragraph and paragraphs (2) and (5) of the following Article) to submit reports or materials that should serve as a reference in connection with the business or financial condition of the Bank.

(3) The subsidiary corporation, etc. of a Bank or a person that a Bank has entrusted with its services may refuse to submit the reports or materials under the preceding paragraph if it has a legitimate reason for doing so.

(On-Site Inspections)

Article 25 (1) If the Prime Minister finds it to be necessary for ensuring the sound and appropriate management of Bank services, the minister may have the relevant officials enter the business office or other facility of a Bank (this

includes a Bank Agent that has the relevant Bank as its Principal Bank); have those officials ask questions about its business or financial condition; and have them inspect its books and documents and other articles.

- (2) If an entry into a facility, questioning, or inspection under the preceding paragraph is to take place and the Prime Minister finds it to be particularly necessary, the minister, within the scope of that necessity, may have the relevant officials enter the facility of a subsidiary corporation, etc. of the relevant Bank or the facility of the person that the Bank has entrusted with its services; have those officials ask questions about any particular that needs to be asked about in connection with the questioning or inspection of the Bank; and have them inspect its books and documents and other articles.
- (3) In the cases referred to in the preceding two paragraphs, the relevant officials must carry identification, and must present it if a concerned party so requests.
- (4) The authority under paragraphs (1) and (2) must not be interpreted as having been accorded for the purpose of a criminal investigation.
- (5) The provisions of paragraph (3) of the preceding Article apply *mutatis mutandis* to the questioning and inspection under paragraph (2) of the subsidiary corporation, etc. of a Bank or of the person that a Bank has entrusted with its services.

(Suspension of Business)

Article 26 (1) If the Prime Minister finds it to be necessary for ensuring the sound and appropriate management of Bank services in light of the business or financial condition of a Bank or the financial condition of a Bank and its Subsidiary Companies, etc., the minister may indicate to the Bank the measures that it must take and the deadline for taking them, request it to submit an improvement plan for ensuring soundness in Bank management, or order it to change an improvement plan that has been submitted; or, within the scope of the necessity to do so, may order the Bank to suspend all or part of its business activities by a set deadline, order it to deposit Bank assets, or otherwise issue orders with respect to measures that are necessary from a supervisory perspective.

- (2) An order under the preceding paragraph (this includes a request to submit an improvement plan) that is issued when it is found to be necessary in light of adequacy in the equity capital of a Bank or that of a Bank and its Subsidiary Companies, etc. must be one as is specified by Cabinet Office Ordinance or Ordinance of the Ministry of Finance for the relevant category of adequacy in the equity capital of a Bank or a Bank and its Subsidiary Companies, etc., as specified by Cabinet Office Ordinance or Ordinance of the Ministry of Finance.

(Revocation of Licenses)

Article 27 If a Bank violates a law or regulation, its articles of incorporation, or a disposition by the Prime Minister based on a law or regulation, or commits an act that harms the public interest, the Prime Minister may order the Bank to suspend all or part of its business activities or to dismiss its director, executive officer, accounting advisor, or company auditor, or may revoke its Article 4, paragraph (1) license.

Article 28 If the Prime Minister orders a Bank to suspend all or part of its business activities pursuant to the provisions of the preceding two Articles, and finds it to be necessary in light of the circumstances of such arrangement, the minister may revoke the license referred to in Article 4, paragraph (1).

(Keeping Assets Within Japan)

Article 29 If the Prime Minister finds it to be necessary for protecting Depositors, etc. or in the public interest, the minister, within the scope of that necessity, may order a Bank to keep the part of its assets specified by Cabinet Order within Japan, pursuant to the provisions of Cabinet Order.

Chapter V Mergers, Company Splits, and Business Transfers and Acquisitions

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

Article 30 (1) A merger in which Banks constitute all or some of the parties (limited to one in which the surviving company or the company incorporated in 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 is hereinafter referred to as a "Merger" in this Chapter) does not become effective without the authorization of the Prime Minister.

(2) Except as specified by Cabinet Order, a company split to which a Bank is party does not become effective without the authorization of the Prime Minister.

(3) Except as specified by Cabinet Order, a business transfer or acquisition to which a Bank is party and which involves all or part of a business does not become effective without the authorization of the Prime Minister.

(4) If a Bank acquires all or part of the business of a shinkin bank, credit cooperative, or labor bank (including a federation consisting of such corporations; hereinafter collectively referred to as a "Shinkin Bank, etc." in this Chapter), the Shinkin Bank, etc. is deemed to be a company and the provisions of Article 16 (Restriction on Business Acquisitions, etc.) and other related provisions of that Act apply.

Article 31 Whenever an application is filed for the authorization referred to in the preceding Article, the Prime Minister must examine whether the following criteria are met:

- (i) the authorization of a Merger, company split, or the transfer or acquisition of all or part of a business under the preceding Article (hereinafter referred to as the "Merger, etc." in this Article) is appropriate in consideration of the supply and demand of funds and customer convenience in the region where the Bank, etc. (meaning a Bank or long-term credit bank; hereinafter the same applies except in Article 52-61) or Shinkin Bank, etc. which is party to the Merger, etc. does business (if only a part of the business would be succeeded to in a company split or only part of a business would be transferred or acquired, this is limited to the region in which that part of business is done);
- (ii) it is unlikely that the Merger, etc. would disrupt the order of the financial system by impeding fair competition among financial institutions or in any other way; and
- (iii) the Bank filing the application for the authorization referred to in the preceding Article or the Bank incorporated in the Merger is fully expected to perform its services appropriately, fairly, and efficiently after the Merger, etc.

(Deemed License)

Article 32 A company engaged in Banking which is incorporated in a Merger under the authorization referred to in Article 30, paragraph (1) is deemed to have been licensed by the Prime Minister as referred to in Article 4, paragraph (1) at the time of its incorporation.

(Notice of Objections by the Creditors in a Merger)

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

(Notice of Objections by the Creditors If There Is a Company Split)

Article 33-2 (1) If a Bank passes a resolution for a company split, the Bank is not required to give the notice under the provisions of Article 789, paragraph (2) of the Companies Act or of Article 799, paragraph (2) or Article 810, paragraph (2) (Objections by the Creditors) of that Act to Depositors, etc. or to the 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) of the Companies Act and of 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 that Act do not apply to Depositors, etc. or to the creditors specified by Cabinet Order to which notice of an objection is not required to be given pursuant to the preceding paragraph.

(Notice of Objections by the Creditors If There Is a Business Transfer or Acquisition)

- Article 34 (1) If a resolution at a shareholders meeting is passed for a business transfer or acquisition to which the Bank is party which involves all or part of a business (or if a board of directors' resolution is passed or the executive officers reach a decision, rather than the resolution referred to in Article 467, paragraph (1) (Approval for the Assignment of Business) of the Companies Act being passed for the Bank's acquisition of all of a business, pursuant to the provisions of Article 468 (Cases where Approval for the Assignment of Business Is Not Required) of that Act), the Bank, within two weeks after the day of the resolution or decision, must issue public notice in the official gazette, giving an overview of the resolution or the decision and indicating that a creditor that objects to the transfer or acquisition of all of the business must state that objection within a specified period of time, and must issue individual notices to each known creditor other than a Depositor, etc. or a creditor as specified by Cabinet Order.
- (2) The period referred to in the preceding paragraph must not be less than one month.
 - (3) Notwithstanding the provisions of paragraph (1), if, in addition to issuing the public notice referred to in that paragraph in the official gazette, a Bank issues such public notice using a means of public notice set forth in the items of Article 57, in accordance with the provisions of the articles of incorporation under that Article, the Bank is not required to issue the individual notices referred to in paragraph (1).
 - (4) If a creditor does not state an objection within the period referred to in paragraph (1), it is deemed to accept the transfer or acquisition of all of the relevant business.
 - (5) If a creditor states an objection within the period referred to in paragraph (1), the Bank must pay that creditor or deposit suitable property with a trust

company or other financial institution that engages in Trust Business, etc. for the purpose of providing suitable collateral or ensuring that the creditor will receive payment; provided, however, that this does not apply if the transfer or acquisition of all of the relevant business is unlikely to harm the creditor.

Article 35 (1) If a resolution at a shareholders meeting or of board of directors is passed or the executive officers decide in favor of a business transfer or acquisition to which the Bank is party and which involves part of a business, the Bank, within two weeks after the day of the resolution or decision, may issue public notice in the official gazette, giving an overview of the resolution or the decision and indicating that a creditor that objects to the partial business transfer or acquisition must state an objection within a specified period of time; provided, however, that the Bank must issue individual notices to each known creditor other than a Depositor, etc. or a creditor specified by Cabinet Order.

(2) The period referred to in the preceding paragraph must not be less than one month.

(3) The provisions of paragraphs (3) to (5) inclusive of the preceding Article apply mutatis mutandis to the objection of a creditor that is subject to a public notice or notice issued pursuant to paragraph (1).

(Public Notice of a Company Split or Business Transfer)

Article 36 (1) If a Bank has the whole or a part of its business succeeded to in a company split or if it transfers the whole or part of its business, it must issue public notice of this without delay.

(2) If a Bank issues a public notice under the provisions of the preceding paragraph by the means of public notice stipulated in Article 57, item (i), notice is deemed to have been issued to the creditors of the Bank issuing that public notice, through an instrument bearing a fixed date under the provisions of Article 467 (Defense of Obligor upon Assignment of Nominative Claim) of the Civil Code (Act No. 89 of 1896). In such a case, the date of the public notice is deemed to be the fixed date.

Chapter VI Business Discontinuance and Dissolution

(Authorization for Business Discontinuance and Dissolution)

Article 37 (1) The following do not become effective without the authorization of the Prime Minister:

- (i) a resolution at a shareholders meeting to amend the articles of incorporation with regard to the discontinuation of Banking;
- (ii) a merger in which Banks constitute all or some of the parties (other than a

- Merger as prescribed in Article 30, paragraph (1) or a merger that falls under a category of merger under Article 3 (Mergers) of the Act on Mergers and Conversions by Financial Institutions); or
- (iii) a resolution at a shareholders meeting on the dissolution of the Bank.
- (2) Whenever an application is filed for the authorization referred to in the preceding paragraph, the Prime Minister must examine whether any of the following criteria are met:
- (i) the discontinuation of Banking or the merger or dissolution is inevitable in light of the business and financial conditions of the Bank; or
- (ii) the discontinuation of Banking or the merger or dissolution is unlikely to impair the smooth supply and demand of funds and customer convenience in the region where the Bank does business.
- (3) If an application for the authorization referred to in paragraph (1) is filed by a Bank that the Prime Minister has ordered to suspend all or part of its business activities under the provisions of Article 26, paragraph (1) or Article 27, the minister must not grant the Bank the authorization referred to in paragraph (1). The same applies if an application for the authorization referred to in paragraph (1) is filed by a Bank that the Prime Minister finds it necessary to issue such an order or whose Article 4, paragraph (1) license the Prime Minister finds it necessary to revoke pursuant to the provisions of Article 27.

(Public Notice of Business Discontinuance)

Article 38 Upon obtaining the authorization referred to in paragraph (1) of the preceding Article, a Bank must immediately issue public notice of this, giving the details of the particulars with regard to which it has obtained the authorization, as well as notifying Bank Agents that have that Bank as their Principal Bank of this and posting 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.

(Validity 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 is not dissolved based on grounds set forth in items (i) and (ii) of that Article.

(Dissolution as a Result of the Revocation of a License)

Article 40 A Bank is dissolved if it has its license of the Prime Minister as referred to in Article 4, paragraph (1) revoked pursuant to the provisions of Article 27 or Article 28.

(Loss of License)

Article 41 If a Bank falls under one of the following items, the license of the Prime Minister as referred to in Article 4, paragraph (1) loses its validity:

- (i) it discontinues all of its Banking;
- (ii) it has all of its business succeeded to in a company split or it transfers all of its business;
- (iii) it is dissolved (or a judgment invalidating its incorporation, share transfer, merger (limited to a merger resulting in the incorporation of the Bank), or incorporation-type company split becomes final and binding); or
- (iv) it fails to commence business within six months after the day it obtains its license (unless it has failed to do so due to reasons beyond its control, and the approval of the Prime Minister is obtained in advance).

(Deemed Banks Following the Revocation of a License)

Article 42 If a Bank has the license of the Prime Minister as referred to in Article 4, paragraph (1) revoked pursuant to the provisions of Article 27 or Article 28 or if such a license loses its validity pursuant to the provisions of the preceding Article, the company that was formerly that Bank is deemed to continue to be a Bank with regard to the application of the provisions of Article 36, Article 38, and Article 46, paragraph (1).

(Conversion into a Non-Banking Company)

Article 43 (1) If a Bank falls under the provisions of Article 41, item (i) and the license of the Prime Minister referred to in Article 4, paragraph (1) loses its validity, and the company that was formerly that Bank has outstanding obligations such as deposits or Installment Savings, etc., unless it is a case as specified by Cabinet Order, the Prime Minister may order the company to deposit property up to the total amount of its obligations, or may issue the orders with respect to the discharge of its obligations or the management or investment of its assets which are necessary in order to protect the Depositors, etc., until the day on which the company completes the payment of those obligations or until the day on which ten years have passed following that license's loss of validity, whichever comes first.

(2) The provisions of the preceding paragraph apply mutatis mutandis if a company other than a Bank, etc. succeeds to the outstanding obligations of a Bank such as deposits or Installment Savings, etc., through a merger or company split.

(3) The provisions of Article 24, paragraph (1) and Article 25, paragraphs (1), (3), and (4) apply mutatis mutandis to a company to which the provisions of the preceding two paragraphs are applicable.

(Appointment and Dismissal of Liquidators)

- Article 44 (1) If a Bank dissolves due to the revocation of the license of the Prime Minister as referred to in Article 4, paragraph (1), the court appoints a liquidator at the request of an interested party, at the request of the Prime Minister, or ex officio. The same applies to the dismissal of a liquidator so appointed.
- (2) The court may dismiss a liquidator other than in a case as referred to in the preceding paragraph, at the request of an interested party, at the request of the Prime Minister, or ex officio. In such a case, the court may appoint a new liquidator.
- (3) A person that has been issued an order to commence bankruptcy proceedings and that has not been discharged or a person that is treated in the same manner pursuant to foreign laws and regulations may not be appointed as the 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 is deemed to be replaced with "the Banking Act, this Act".

(Supervision of Liquidation)

- Article 45 (1) The liquidation of a Bank is subject to court supervision.
- (2) The supervision of a Bank's liquidation falls under the jurisdiction of the district court with jurisdiction over the Bank's head office location.
- (3) The court may inspect progress in the liquidation and the financial condition of the Bank in Liquidation, may order the Bank in Liquidation to deposit property, and may issue other orders that are necessary for supervising a liquidation. In this, the court may appoint a special inspector in order to have that inspection carried out.
- (4) The provisions of the main clause of Article 871 (Grounds for Decisions) of the Companies Act and of Article 872 (limited to the part that involves 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 that Act apply mutatis mutandis to an order under the first sentence of the preceding paragraph; and the provisions of Article 874 (limited to the part that involves item (ii)) (Restriction on Appeals) of the Companies Act and of Article 875 and Article 876 of that Act apply mutatis mutandis to the appointment of a special inspector under the second sentence of the preceding paragraph.

- (5) If the court appoints a special inspector pursuant to the second sentence of paragraph (3), it may fix the amount of remuneration that the Bank in Liquidation is to pay the special inspector.
- (6) The provisions of Article 870 (limited to the part that involves item (ii) (Hearing of Statements) of the Companies Act and of Article 872 (limited to the part that involves 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 that Act apply mutatis mutandis to the fixing of the amount of remuneration as referred to in the preceding paragraph.
- (7) The liquidator of a Bank in Liquidation must file a notification with the court in respect of the following particulars within two weeks from the day on which the liquidator assumes that position:
- (i) the grounds for dissolution (or, if the Bank in Liquidation falls under a case set forth in Article 475, item (ii) or item (iii) (Causes of Commencement of Liquidation) of the Companies Act, an indication of this) and the date of dissolution; and
 - (ii) the name and address of the liquidator.
- (8) Upon obtaining the approval at the shareholders meeting pursuant to Article 492, paragraph (3) (Preparation of Inventory of Property, etc.) of the Companies Act for the inventory of property provided for in that paragraph, the liquidator of the Bank in Liquidation must provide the court with the inventory of property without delay (or, if the inventory of property is prepared in the form of an electronic or magnetic record, with a document stating the particulars recorded in the electronic or magnetic record).

(The Prime Minister's Opinion in Liquidation Proceedings)

- Article 46 (1) In the liquidation proceedings, bankruptcy proceedings, rehabilitation proceedings, reorganization proceedings, or recognition and assistance proceedings for a Bank, the court may request the opinion of the Prime Minister, and may ask the Prime Minister to conduct an inspection or investigation.
- (2) In the proceedings referred to in the preceding paragraph, if the Prime Minister finds it to be necessary, the minister may state an opinion to the court.
- (3) The provisions of Article 25, paragraphs (1), (3), and (4) apply mutatis mutandis if the Prime Minister is asked by the court to conduct an inspection or investigation pursuant to the provisions of paragraph (1).

Chapter VII Foreign Bank Branches

(Licenses for Foreign Banks)

- Article 47 (1) A Foreign Bank must specify the single branch to serve as the

principal base of that Foreign Bank's Banking in Japan (hereinafter referred to as the "Principal Foreign Bank Branch" in this Chapter) and obtain the license of the Prime Minister which is referred to in Article 4, paragraph (1) pursuant to the provisions of a Cabinet Office Ordinance if it seeks to engage in Banking in Japan.

- (2) Once a Foreign Bank obtains the license of the Prime Minister which is referred to in Article 4, paragraph (1) pursuant to the provisions of the preceding paragraph, the Principal Foreign Bank Branch and the other branches and business offices of that Foreign Bank in Japan (each of these latter branches and offices in Japan is hereinafter referred to as a "Secondary Foreign Bank Branch" in this Chapter) (hereinafter each such a branch or business office in Japan is referred to as a "Foreign Bank Branch" in this Chapter) are deemed to be a single Bank, the Foreign Bank's representative in Japan is deemed to be the director of the Foreign Bank Branch that has been deemed to be a single Bank, and the provisions of this Act apply; provided, however, that the 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 parts of these provisions that involve Subsidiaries, etc.); Article 25, paragraphs (2) and (5) (limited to the parts of these provisions that involve Subsidiaries, etc.); Article 30, paragraphs (1) and (2); Articles 32 to 33-2 inclusive; Article 36 (limited to the part that involves company splits); Article 37, paragraph (1), items (ii) and (iii); Article 39; Article 40; Article 41, item (ii) (limited to the part that involves company splits) 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) are excluded from such application.
- (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 part that involves item (viii)-2) and the provisions of the following Chapter, as well as the provisions of Chapter IX in connection with these provisions, the principal business office of the Foreign Bank with which a Foreign Bank Branch is affiliated, and its branches and other business offices in the relevant foreign state (hereinafter each of such branches and offices in that state is referred to as a "Business Office in the Home State") are deemed to be a single Foreign Bank; the Foreign Bank Branch's intermediation as regards transactions between the Business Offices in the Home State of the Foreign Bank with which the Foreign Bank Branch is affiliated and its customer (limited to intermediation specified by Cabinet Office Ordinance as equivalent

to intermediation in respect of the services of a Foreign Bank) is deemed to intermediation as regards the services of the single Foreign Bank; and the Business Offices in the Home State which are connected with the Foreign Bank Branch's intermediation of such transactions are deemed to be the other party to a contract indicating that the Foreign Bank Branch is entrusted with acting as intermediary in respect of the services of that single Foreign Bank.

(4) Special provisions for a Foreign Bank in respect of the license of the Prime Minister which is referred to in Article 4, paragraph (1); the technical replacement of terms when the provisions of this Act are applied to a Foreign Bank Branch; and any other necessary particulars relevant to the application of the provisions of this Act to a Foreign Bank Branch are specified by Cabinet Order.

(Establishment of a Secondary Foreign Bank Branch)

Article 47-2 Except in a case as specified by the Cabinet Office Ordinance a Foreign Bank Branch must obtain the authorization of the Prime Minister pursuant to the provisions of Cabinet Office Ordinance if it seeks to establish a Secondary Foreign Bank Branch, change its type, or close it.

(Submission of Materials by a Foreign Bank Branch)

Article 48 If the Prime Minister finds it to be necessary for ensuring the sound and appropriate management of Foreign Bank Branch services, the minister may request a Foreign Bank Branch (including a Bank Agent that has that Foreign Bank Branch as its Principal Bank) to submit reports or materials in connection with the business or financial condition of the Foreign Bank with which the Foreign Bank Branch is affiliated (including a person uniquely related to that Foreign Bank as specified by Cabinet Order).

(Notification by Foreign Bank Branches)

Article 49 (1) If the Foreign Bank with which a Foreign Bank Branch is affiliated falls under one of the following items, the branch must file a notification with the Prime Minister indicating this, pursuant to the provisions of a Cabinet Office Ordinance:

- (i) it changes its stated capital or amount of contribution;
- (ii) it changes its trade name or the location of its head office;
- (iii) it merges, has its business succeeded to in a company split, succeeds to a business in a company split, or transfers or acquires the whole or a material part of a business (other than a business that only involves that Foreign Bank Branch);
- (iv) it is dissolved (other than a dissolution resulting from a merger) or discontinues Banking;

- (v) its banking license (this includes any permission, registration, or other administrative disposition similar to such a license) is revoked;
 - (vi) it is issued an order to commence bankruptcy proceedings; or
 - (vii) it falls under a case specified by Cabinet Office Ordinance.
- (2) If a Foreign Bank Branch falls under one of the following items, it must file a notification with the Prime Minister indicating this, pursuant to the provisions of Cabinet Office Ordinance:
- (i) it seeks to change the location of the Principal Foreign Bank Branch or a Secondary Foreign Bank Branch (other than in a case specified by Cabinet Office Ordinance);
 - (ii) it seeks to change a Secondary Foreign Bank Branch (other than a business office that is not a branch; hereinafter the same applies in this item) into the Principal Foreign Bank Branch and change the Principal Foreign Bank Branch into a Secondary Foreign Bank Branch; or
 - (iii) it falls under a case specified by Cabinet Office Ordinance.

(Means of Public Notice by a Foreign Bank Branch)

Article 49-2 (1) A Foreign Bank Branch must establish one of the following means as its means of public notice:

- (i) publication in a daily newspaper that publishes information about current events; or
 - (ii) electronic public notice (meaning Electronic Public Notice as prescribed in Article 2, item (xxxiv) (Definitions) of the Companies Act; the same applies hereinafter).
- (2) The provisions of Article 940, paragraph (3) (Public Notice Period, etc. of Electronic Public Notice) of the Companies Act and of 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 that Act apply mutatis mutandis when a Foreign Bank Branch issues a public notice under the provisions of this Act or any other Act (other than a public notice under the provisions of the Companies Act) by way of an electronic public notice. In this case, the phrase "preceding two paragraphs" in Article 940, paragraph (3) of that Act is deemed to be replaced with "Article 57-2, paragraph (1) of the Banking Act as applied by deeming the Foreign Bank Branch to be a single Bank pursuant to the provisions of Article 47, paragraph (2) of that Act", and any other necessary technical replacement of terms is specified by Cabinet Order.

(Loss of License for a Foreign Bank)

Article 50 If a Foreign Bank Branch files a notification under Article 49, paragraph (1) due to its falling under one of the categories in Article 49, paragraph (1), item (iii) to (vi) inclusive (with regard to a notification under item (iii) of that paragraph, this is limited to a notification pertaining to a merger resulting in the disappearance of the Foreign Bank with which the Foreign Bank Branch is affiliated, a company split resulting in all of the business of the Foreign Bank Branch being succeeded to, or the transfer of all business, and with regard to a notification under item (iv) of that paragraph, this excludes a notification pertaining to a partial discontinuance of Banking), the license of the Prime Minister which is referred to in Article 4, paragraph (1) for the Foreign Bank with which the Foreign Bank Branch that files the notification is affiliated loses its validity.

(Liquidation of a Foreign Bank Branch)

Article 51 (1) If a Foreign Bank Branch falls under one of the following items, it must liquidate all of its property in Japan:

- (i) the license of the Prime Minister which is referred to in Article 4, paragraph (1) for the Foreign Bank with which the Foreign Bank Branch is affiliated is revoked pursuant to the provisions of Article 27 or Article 28; or
 - (ii) the license of the Prime Minister which is referred to in Article 4, paragraph (1) for the Foreign Bank with which the Foreign Bank Branch is affiliated loses its validity pursuant to the provisions of Article 41, item (i) or the preceding Article.
- (2) If a Foreign Bank Branch is liquidated pursuant to the provisions of the preceding paragraph, the court appoints a liquidator at the request of an interested party, at the request of the Prime Minister, or ex-officio. The same applies to the dismissal of a liquidator so appointed.
- (3) The provisions of Article 476 (Capacity of Liquidating Stock Companies) of the Companies Act and of Part II, Chapter IX, Section 1, Subsection 2 (Structures for Liquidating Stock Companies); Article 492 (Preparation of Inventory of Property); Chapter IX, Section 1, Subsection 4 (Performance of Obligations); and Article 508 (Retention of Accounting Materials) of that Act and the provisions of Chapter IX, Section 2 (excluding Article 510, Article 511, and Article 514) (Special Liquidations) apply mutatis mutandis to the liquidation of a Foreign Bank Branch's property in Japan as prescribed in paragraph (1), other than property to which these cannot be applied due to its nature.
- (4) The provisions of Article 820 (Resignation of Representative Person in Japan Whose Domicile Is in Japan) of the Companies Act do not apply to a Foreign Bank that has obtained the license referred to 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 Foreign Bank Branch, the term "interested persons" in that paragraph is deemed to be replaced with "an interested party or the Prime Minister".

(Notification of the Establishment of the Representative Office of a Foreign Bank)

Article 52 (1) Before seeking to establish a representative office or other facility in Japan in order to perform one of the following business (and also before seeking to perform such business at an office or other facility already established for another purpose), a Foreign Bank (or, if the Foreign Bank has established a Foreign Bank Branch, that Foreign Bank Branch; hereinafter the same applies in this Article) must file a notification with the Prime Minister with respect to the contents of those business, the location of the facility where it will perform those business, and other particulars specified by Cabinet Office Ordinance:

- (i) the collection or provision of information concerning Bank services; or
 - (ii) other business associated with Bank services.
- (2) If the Prime Minister finds it to be necessary in the public interest, the minister may request a Foreign Bank to submit reports or materials concerning the business set forth in the items of the preceding paragraph to be performed at a facility referred to in that paragraph.
- (3) If a Foreign Bank closes a facility referred to in paragraph (1) which it has established, if it discontinues a business set forth in the items of that paragraph which is performed at such a facility, or if it changes any other particular with regard to which it has filed a notification pursuant to the provisions of that paragraph, the Foreign Bank must file a notification with the Prime Minister indicating this, without delay.

Chapter VII-2 Special Provisions for Foreign Bank Agency Services

(Authorization of Foreign Bank Agency Services)

- Article 52-2 (1) Before seeking to perform services as set forth in Article 10, paragraph (2), item (viii)-2 (hereinafter these are what "Foreign Bank Agency Services" refers to, except in items (ii) to (iv) inclusive of the following Article), a Bank must obtain the authorization of the Prime Minister pursuant to the provisions of Cabinet Office Ordinance, for each Foreign Bank (hereinafter this is what a "Principal Foreign Bank" refers to, except in items (ii) to (iv) inclusive of the following Article) that is the other party to a contract indicating that the Bank is being entrusted with Foreign Bank Agency Services.
- (2) The provisions of the preceding paragraph do not apply if a Bank seeks to

perform Foreign Bank Agency Services on behalf of a Principal Foreign Bank and that Foreign Bank is its Subsidiary Company or any other Foreign Bank specified by Cabinet Office Ordinance. In such a case, the Bank must first file a notification with the Prime Minister, pursuant to the provisions of Cabinet Office Ordinance, for each Principal Foreign Bank that is concerned in the relevant Foreign Bank Agency Services.

(Special Provisions on the License of a Foreign Bank)

Article 52-2-2 In a case set forth in one of the following items, the provisions of Article 4, paragraph (1) and Article 47, paragraph (1) do not apply to the services specified in the relevant item (but only if these constitute services as set forth in Article 10, paragraph (1), items (i) or (iii)):

- (i) a Bank performs Foreign Bank Agency Services with the authorization referred to in paragraph (1) of the preceding Article or after filing a notification under the provisions of paragraph (2) of that Article: services in connection with those Foreign Bank Agency Services, by the Principal Foreign Bank that is linked to those Foreign Bank Agency Services;
- (ii) a Long-Term Credit Bank performs foreign bank agency services (meaning foreign bank agency services as provided in Article 6-3, paragraph (1) of the Long-Term Credit Bank Act) with the authorization referred to in Article 6-3, paragraph (1) (Authorization, etc. for Foreign Bank Agency Services) of that Act or after filing a notification under the provisions of paragraph (2) of that Article: services in connection with those foreign bank agency services, by the principal foreign bank (meaning a principal foreign bank as provided in paragraph (1) of that Article) that is linked to those foreign bank agency services;
- (iii) a federation of Shinkin Banks performs 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: services in connection with those foreign bank agency services, by the principal foreign bank (meaning a principal foreign bank as provided in that Article) that is linked to those foreign bank agency services; and
- (iv) a Norinchukin Bank performs foreign bank agency services (meaning the foreign bank agency services as provided in Article 59-4 of the Norinchukin Bank Act) after giving the notification under Article 59-4 (Notification for Foreign Bank Agency Services) of that Act: services in connection with the foreign bank agency services, by the principal foreign bank (meaning the principal foreign bank as provided in that Article) that is linked to those foreign bank agency services.

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

Article 52-2-3 If a Bank performs Foreign Bank Agency Services with the authorization referred to in Article 52-2, paragraph (1) or after filing a notification under paragraph (2) of that Article, the provisions of Article 2, paragraph (1) of the Act Regulating the Receipt of Contributions, the Receipt of Deposits, and Interest Rates (Act No. 195 of 1954) do not apply to a deposit (meaning a deposit as prescribed in Article 2, paragraph (2) (Prohibition on Deposits) of that Act) that is connected with those Foreign Bank Agency Services, and that is made in the course of trade by the Principal Foreign Bank that is linked to those Foreign Bank Agency Services.

(Special Provisions on the Money Lending Business Act)

Article 52-2-4 If a Bank performs Foreign Bank Agency Services with the authorization referred to in Article 52-2, paragraph (1) or after filing a notification under the provisions of paragraph (2) of that Article, a loan (meaning a loan as prescribed in Article 2, paragraph (1) (Definitions) of the Money Lending Business Act (Act No. 32 of 1983)) that is connected with those Foreign Bank Agency Services, and that is made in the course of trade by the Principal Foreign Bank that is linked to those Foreign Bank Agency Services is deemed not to fall under the category of money lending business as prescribed in Article 2, paragraph (1) of that Act.

(Mutatis Mutandis Application of the Financial Instruments and Exchange Act to 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 In Which a Professional Investor Is Deemed to Be a Customer Other Than a Professional Investor) and Article 34-3, paragraphs (5) and (6) (When a Corporation is a Customer Other Than a Professional Investor and That Corporation Is Deemed to Be a Professional Investor)) of the Financial Instruments and Exchange Act (Professional Investors) and of Section 2, Subsection 1 of that Chapter (excluding Articles 35 to 36-4 inclusive (Scope of Services for Persons Engaged in Type I Financial Instruments Business or Investment Management Business; Scope of Concurrent Business by Persons Only Engaged in Type II Financial Instruments Business or Investment Advisory and Agency Business; Duty of Sincerity to Customers; Posting of Signs; Prohibition on Name Lending; Prohibition on Corporate Bond Management); Article 37, paragraph (1), item (ii) (Regulation of Advertising); Article 37-2 (Obligation to Clarify the Conditions of Transactions in Advance); Article 37-3, paragraph (1), items (ii) and (vi) and paragraph (3) (Delivery of Documents Prior to the Conclusion of a

Contract); Articles 37-5 to 37-7 inclusive (Delivery of Documents in Connection with the Receipt of a Security Deposit; Written Cancellation; Obligation to Conclude a Contract 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 of Loss); and Articles 40-2 to 40-5 inclusive (Best Execution Policy; Prohibition of Purchase and Sale, etc. If Separate Management Is Not Ensured; Restrictions on the Purchase and Sale, etc. of Securities for Professional Investors; Obligation to Notify in Connection with Securities for Professional Investors)) (General Rules); and Article 45 (excluding items (iii) and (iv)) (Miscellaneous Provisions) of that Act apply mutatis mutandis to actions as an agent or intermediary as regards the conclusion of a specified deposit, etc. contract in connection with Foreign Bank Agency Services that a Foreign Bank's Agent Bank (meaning a Bank which performs Foreign Bank Agency Services with the authorization referred to in Article 52-2, paragraph (1) or after filing a notification under paragraph (2) of that Article; the same applies hereinafter) performs. In this case, in these provisions, the term "Financial Instruments Transaction Contract" is deemed to be replaced with "specified deposit, etc. contract"; the term "Financial Instruments Business" is deemed to be replaced with "actions as an agent or intermediary for the conclusion of a specified deposit, etc. contract"; the terms "concludes" and "concluding" are deemed to be replaced with "performs actions as the agent or intermediary for the conclusion" and "performing actions as the agent or intermediary for the conclusion"; the term "act that constitutes a Financial Instruments transaction" in these provisions (excluding Article 34 of that Act) is deemed to be replaced with "conclusion of specified deposit, etc. contract"; in Article 34 of that Act, the phrase "contract for the Financial Instruments Business Operator, etc. to perform an act that constitutes a Financial Instruments Transaction (meaning an act as set forth in the items of Article 2, paragraph (8); the same applies hereinafter) with the customer as the other party or on behalf of the customer" is deemed to be replaced with "specified deposit, etc. contract prescribed in Article 13-4 of the Banking Act", the phrase "and has never in the past concluded a Financial Instruments Transaction Contract with that Professional Investor" is deemed to be replaced with "and has never in the past acted as agent or intermediary for the conclusion of a specified deposit, etc. contract with that Professional Investor", and the term "before concluding" is deemed to be replaced with "before acting as agent or intermediary for the conclusion of"; in Article 34-2, paragraph (5), item (ii) and Article 34-3, paragraph (4), item (ii) of that Act, the term "concludes" is deemed to be replaced with "acts as agent or intermediary for the conclusion of"; the phrase "Subject Contract with" in Article 34-3, paragraph (2), item (iv), sub-

item (a) of that Act is deemed to be replaced with "a Subject Contract through the agency or intermediation of"; in Article 37-3, paragraph (1) of that Act, the phrase "seeks to conclude" is deemed to be replaced with "acts as agent or intermediary for the conclusion of" and the phrase "it must deliver a document stating the following particulars to the customer in advance" is deemed to be replaced with "in addition to delivering a document stating the following particulars to the customer in advance, it must provide information about the contents of specified deposit, etc. contracts and other information that should serve as a reference to 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. as defined in Article 2, paragraph (5) of the Banking Act; hereinafter the same applies in this paragraph)"; in Article 37-3, paragraph (1), item (i) of that Act, the term "the Financial Instruments Business Operator, etc. is a Financial Transaction Business Operator" is deemed to be replaced with "the Principal Foreign Bank (meaning a Principal Foreign Bank as defined in Article 52-2, paragraph (1) of the Banking Act) is the Principal Foreign Bank with which the Foreign Bank's Agent Bank (meaning the Foreign Bank's Agent Bank defined in Article 52-2-5 of that Act) is affiliated"; in Article 39, paragraph (1), item (i) of that Act, the phrase "a purchase and sale or other transaction of Securities (excluding a purchase and sale with a repurchase requirement and a predetermined repurchase price, and other transactions specified by Cabinet Order) or a Derivatives Transaction (hereinafter collectively referred to as a "Purchase and Sale or Other Transaction of Securities, etc." in this Article)" is deemed to be replaced with "the conclusion of specified deposit, etc. contract", the phrase "Securities or Derivatives Transaction (hereinafter collectively referred to as 'Securities, etc.' in this Article)" is deemed to be replaced with "specified deposit, etc. contract", the phrase "customer (if a Trust Company, etc. (meaning a trust company or a financial institution that has obtained the authorization referred to in Article 1, paragraph (1) of the Act on Engagement in Trust Business by a Financial Institution; the same applies hereinafter) conducts the purchase and sale of Securities or a Derivatives Transaction on the account of a person that establishes a trust based on a trust contract, this includes the person that establishes the trust; hereinafter the same applies in this Article)" is deemed to be replaced with "customer", and the phrase "to supplement its profits" is deemed to be replaced with "to supplement its profits, other than as under the specified deposit, etc. contract"; in Article 39, paragraph (1), items (ii) and (iii) of that Act, the term "a Purchase and Sale or Other Transaction of Securities, etc." is deemed to be replaced with "the conclusion of a specified deposit, etc. contract" and the term "Securities, etc." is deemed to be replaced with "specified deposit, etc. contract"; in item (ii) of that paragraph, the phrase "in

order to add to the profit that the customer has accrued in connection with those Securities, etc." is deemed to be replaced with "in order to add to the profit that the customer has accrued in connection with those Securities, etc., other than as under the specified deposit, etc. contract"; in item (iii) of that paragraph, the term "in order to add to the profit that the customer has accrued in connection with those Securities, etc." is deemed to be replaced with "in order to add to the profit that the customer has accrued in connection with those Securities, etc., other than as under the specified deposit, etc. contract"; in paragraph (2) of that Article, the term "a Purchase and Sale or Other Transaction of Securities, etc." is deemed to be replaced with "the conclusion of a specified deposit, etc. contract"; in paragraph (2) of that Article, the phrase "which is specified by Cabinet Office Ordinance as a potential cause of" is deemed to be replaced with "which is a potential cause of"; in Article 45, item (ii) of that Act, the phrase "Articles 37-2 to 37-6 inclusive; Article 40-2, paragraph (4); and Article 43-4" is deemed to be replaced with "Article 37-3 (limited to the part that involves the delivery of documents under paragraph (1); the provisions of paragraph (1), items (ii) and (vi); and paragraph (3) are excluded) and Article 37-4" and the term "concluded" is deemed to be replaced with "acted as agent or intermediary for the conclusion thereof"; and any other necessary technical replacement of terms is 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, pursuant to the provisions of Cabinet Office Ordinance, must keep the documents that its Principal Foreign Bank and any company incorporated under foreign laws and regulations as the Holding Company that has that Principal Foreign Bank as its Subsidiary Company (hereinafter referred to as a "Foreign Bank Holding Company" in this paragraph) prepares each business year, stating the particulars of the business and financial condition of the Principal Foreign Bank and Foreign Bank Holding Company (limited to the explanatory documents for the business year as prescribed in Article 21, paragraphs (1) and (2) and Article 52-29, paragraph (1) and documents similar to these 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 performs Foreign Bank Agency Services for that Principal Foreign Bank (excluding unmanned business offices; the same applies in the following paragraph), and must make them available for public inspection.
- (2) If the documents provided for in the preceding paragraph have been prepared as electronic or magnetic records, the Foreign Bank's Agent Bank may employ what is specified by Cabinet Office Ordinance as a measure that uses electronic or magnetic means to put the information contained in those documents into a

form that makes it possible for many and unspecified persons to be provided with it at all of the business offices where the Foreign Bank's Agent Bank provides Foreign Bank Agency Services. In doing this, the Foreign Bank's Agent Bank is deemed to be keeping the documents provided for in 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, pursuant to the provisions of Cabinet Office Ordinance, must explain to customers the particulars of the business and financial condition of its Principal Foreign Bank, and take any other measures for ensuring the sound and appropriate management of the Foreign Bank Agency Services performed by that Foreign Bank's Agent Bank.

(Submission of Materials in Connection with the Principal Foreign Bank)

Article 52-2-8 If the Prime Minister finds it to be necessary for ensuring the sound and appropriate management of Foreign Bank Agency Services, the minister may request a Foreign Bank's Agent Bank to submit reports or materials in connection with the business or financial condition of its Principal Foreign Bank (this includes a person that is uniquely related to the Principal Foreign Bank as specified by Cabinet Order).

(Notification Concerning a Principal Foreign Bank)

Article 52-2-9 (1) A Foreign Bank's Agent Bank must file notification with the Prime Minister indicating that such is the case if its Principal Foreign Bank (other than a Principal Foreign Bank (but only the Foreign Bank with which the relevant Foreign Bank Branch is affiliated) linked to the Foreign Bank Agency Services that the Foreign Bank's Agency Bank performs (but only to the services performed by that Foreign Bank Branch)) falls under one of the following items, pursuant to the provisions of Cabinet Office Ordinance:

- (i) it changes its stated capital or amount of contribution;
- (ii) it changes its trade name or the location of its head office;
- (iii) it merges, has its business succeeded to in a company split, succeeds to a business in a company split, or transfers or acquires the whole or a material part of a business (other than business that only involves the relevant Foreign Bank Branch);
- (iv) it is dissolved (excluding dissolution resulting from a merger) or discontinues Banking;
- (v) its banking license (including permission, registration, or any other administrative disposition similar to such a license) is revoked;
- (vi) it is issued order to commence bankruptcy proceedings; or

- (vii) it falls under a case specified by Cabinet Office Ordinance.
- (2) If a Foreign Bank's Agent Bank files a notification under the preceding paragraph (limited to the part that involves items (ii) to (vi) inclusive) it must issue public notice of the content of that notification, as well as posting notice of the same in a place easily seen by the public at all of the business offices and offices of the Foreign Bank's Agent Bank where it performs Foreign Bank Agency Services for the Principal Foreign Bank to which the notification pertains 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) apply mutatis mutandis to a Foreign Bank's Agent Bank in respect of a Bank Agent, to a Principal Foreign Bank in respect of a Principal Bank, and to a Foreign Bank Agency Services in respect of Bank Agency Services. In this case, the phrase "services of the Principal Bank" in Article 52-45, item (v) is deemed to be replaced with "Foreign Bank Agency Services" and any other necessary technical replacement of terms is specified by Cabinet Order.

Chapter VII-3 Shareholders

Section 1 General Rules

(Submission of a Statement of Holdings in Bank Voting Rights)

Article 52-2-11 (1) A person that holds voting rights exceeding five percent of all shareholders' voting rights in a single Bank or voting rights exceeding five percent of all shareholders' voting rights in a single Bank Holding Company (other than the national or local government or any corporation specified by Cabinet Order as equivalent thereto (collectively referred to as the "National Government, etc." in Article 52-9)); hereinafter referred to as a "Major Holder of Voting Rights in a Bank" in this Chapter and Chapter IX) must submit a statement to the Prime Minister, pursuant to the provisions of Cabinet Office Ordinance, in which that person states the following particulars (hereinafter referred to as a "Statement of Holdings in Bank Voting Rights" in this Chapter), within five days (Sundays and the holidays specified by Cabinet Order not included; the same applies in paragraph (1) of the following Article) from the day on which the person becomes the Major Holder of Voting Rights in the Bank (or within the number of days specified by Cabinet Office Ordinance, if the number of voting rights that the person holds has not increased or in any other case specified by Cabinet Office Ordinance):

- (i) the particulars of the proportion of voting rights held (meaning the proportion arrived at when the number of voting rights that the Major Holder of Voting Rights in the Bank holds, in the Bank or Bank Holding Company in which that Major Holder of Voting Rights in the Bank holds a number of shares which constitutes more than five percent of all shareholders' voting rights, is divided by all shareholders' voting rights in that Bank or Bank Holding Company; hereinafter the same applies in this Chapter), the particulars of funds for the acquisition, the purpose of the holdings, and any other particulars specified by Cabinet Office Ordinance as material details about voting rights held in a Bank or Bank Holding Company;
 - (ii) its trade name or name, and its address;
 - (iii) if it is a corporation, its stated capital (including the total amount of contributions) and the name of its representative; and
 - (iv) if it engages in business, the name and location of its business office and its business type.
- (2) The provisions of Article 2, paragraph (11) apply mutatis mutandis to the voting rights held by the Major Holder of Voting Rights in a Bank in the case referred to in the preceding paragraph.

(Submission of a Statement of Changes to a Statement of Holdings in Bank Voting Rights)

- Article 52-3 (1) If a particular set forth in one of the items of paragraph (1) of the preceding Article changes (in the case of a change in the proportion of voting rights held, this is only if the proportion increases or decreases by at least one percent) after the day on which a person becomes a holder of voting rights exceeding five percent of all shareholders' voting rights in a single Bank or of voting rights exceeding five percent of all shareholders' voting rights in a single Bank Holding Company, the Major Holder of Voting Rights in the Bank must submit a statement in respect of that change (hereinafter referred to as a "Statement of Changes" in this Article and the following Article) to the Prime Minister within five days from the day on which this occurs (or within the number of days specified by Cabinet Office Ordinance, if the number of voting rights that the person holds has not increased or in any other case specified by Cabinet Office Ordinance), pursuant to the provisions of Cabinet Office Ordinance; provided, however, that this does not apply if the person has already submitted a Statement of Changes based on a decrease of one percent or more in the proportion of voting rights held, and the proportion of voting rights held which is stated in that Statement of Changes is five percent or less, nor does this apply to any other case specified by Cabinet Office Ordinance.
- (2) In a case that meets the criteria specified by Cabinet Order as one in which

the person has transferred a large number of voting rights within a short time span, a person submitting a Statement of Changes based on a decrease in the proportion of voting rights held must also include information in that Statement of Changes about the party to which it transferred the voting rights and the consideration received, pursuant to the provisions of Cabinet Office Ordinance.

- (3) Notwithstanding the provisions of the main clause of paragraph (1), if, by the day before that on which a person submits a Statement of Holdings in Bank Voting Rights or a Statement of Changes (hereinafter each of these is referred to as a "Required Document" in this Section), circumstances arise that require the person to submit a new Statement of Changes, the person must submit the new Statement of Changes to the Prime Minister at the same time as it submits the unsubmitted Required Documents.
- (4) If a person that has submitted a Required Document finds that the content stated in that Required Document differs from the fact of the matter, that the document insufficiently states or omits a statement as to a particular that is required to be stated, or that the document insufficiently states or omits a statement as to a fact that it needs to prevent it from being misleading, that person must submit an amended report to the Prime Minister.
- (5) The provisions of Article 2, paragraph (11) apply mutatis mutandis to the voting rights held by a Major Holder of Voting Rights in a Bank in a case referred to in paragraph (1) or (2).

(Special Provisions on Statements of Holdings in Bank Voting Rights)

Article 52-4 (1) Notwithstanding the provisions of Article 52-2-11, paragraph (1), a Bank, Financial Instruments Business Operator (limited to one engaged in Securities Services), trust company (limited to one that has obtained the license referred to in Article 3 or Article 53, paragraph (1) of the Trust Business Act), or other person specified by Cabinet Office Ordinance that has filed a notification of the Reference Date with the Prime Minister and which holds voting rights in respect of shares issued by a Bank or Bank Holding Company but does not hold them with the aim of controlling the business activities of the Bank or Bank Holding Company that issued those shares (unless the proportion of voting rights held exceeds the number specified by Cabinet Office Ordinance and excluding a case as specified by Cabinet Office Ordinance in consideration of the manner in which the voting rights are held and other circumstances; hereinafter referred to as "Voting Rights Subject to Special Provisions" in this Article) must submit a Statement of Holdings in Bank Voting Rights in respect of those shares to the Prime Minister, by the 15th day of the month following the month in which the relevant Reference Date falls and pursuant to the provisions of Cabinet Office Ordinance, in which

it states the particulars specified by Cabinet Office Ordinance as relevant to the holding status of those voting rights as of the Reference Date on which its proportion of voting rights held exceeded five percent for the first time.

- (2) A Statement of Changes in respect of Voting Rights Subject to Special Provisions (other than one for a change in which those voting rights come to be other than Voting Rights Subject to Special Provisions) must be submitted to the Prime Minister by the day prescribed in the relevant of the following items for the category of case set forth in that item, pursuant to the provisions of Cabinet Office Ordinance:
- (i) the proportion of voting rights held on a Reference Date that comes after the Reference Date for the Statement of Holdings in Bank Voting Rights that is referred to in the preceding paragraph increases or decreases by one percent or more from the proportion of voting rights held that is stated in that Statement of Holdings in Bank Voting Rights, or there is a material change in a particular specified by Cabinet Office Order as prescribed in that paragraph: the 15th day of the month following the month in which the later Reference Date falls;
 - (ii) circumstances come to meet the criteria specified by Cabinet Office Ordinance as a case in which the proportion of voting rights held have considerably increased or decreased by the last day of any month after the month that includes the Reference Date for a Statement of Holdings in Bank Voting Rights: the 15th day of the month following the month in which the last day falls;
 - (iii) the proportion of voting rights held on a Reference Date that comes after the Reference Date for the Statement of Changes increases or decreases by one percent or more from the proportion of voting rights held that is stated in that Statement of Changes, or there is a material change in a particular specified by Cabinet Office Ordinance as prescribed in the preceding paragraph: the 15th day of the month following the month in which the later Reference Date falls; and
 - (iv) the case is specified by Cabinet Office Ordinance as a case equivalent to one of the preceding three items: the day specified by Cabinet Office Ordinance.
- (3) The Reference Date referred to in the preceding two paragraphs means the last day of every third month, after that in which the person specified by Cabinet Office Ordinance as prescribed in paragraph (1) notifies the Prime Minister pursuant to the provisions of Cabinet Office Ordinance.
- (4) The provisions of Article 2, paragraph (11) apply mutatis mutandis to the Voting Rights Subject to Special Provisions held by a Major Holder of Voting Rights in a Bank in a case as referred to in paragraph (1) or (2).

(Order to Submit an Amended Report)

Article 52-5 If a Required Document is 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, but the Prime Minister finds there to be a formal deficiency in the Required Document or finds the Required Document to insufficiently state a material particular that is required to be stated, the minister may order the person submitting the Required Document to submit an amended report. In such a case, irrespective of the applicable category of proceeding for hearing statements of opinion under Article 13, paragraph (1) (Procedures Prerequisite for Adverse Dispositions) of the Administrative Procedure Act (Act No. 88 of 1993), the minister must conduct a hearing.

Article 52-6 If the Prime Minister discovers that a Required Document contains a false statement about a material particular, omits a statement as to a material particular that is required to be stated, or omits a statement of material fact that it needs to prevent it from being misleading, the minister, at any time, may order the person submitting the Required Document to submit an amended report. In such a case, irrespective of the applicable category of proceeding for hearing statements of opinion under Article 13, paragraph (1) (Procedures Prerequisite for Adverse Dispositions) of the Administrative Procedure Act, the minister must conduct a hearing.

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

Article 52-7 If the Prime Minister suspects that a Required Document contains a false statement about a material particular, omits a statement as to a material particular that is required to be stated, or omits a statement of material fact that it needs to prevent it from being misleading, the minister may request the Major Holder of Voting Rights in the Bank submitting the Required Document to submit reports or materials that should serve as a reference with regard to a particular that is required to be stated in the Required Document or a fact that it needs to prevent it from being misleading.

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

Article 52-8 (1) If the Prime suspects that a Required Document contains a false statement about a material particular, omits a statement as to a material particular that is required to be stated, or omits a statement of material fact that it needs to prevent it from being misleading, the minister may have the relevant officials enter the office or other facility of the Major Holder of Voting Rights in the Bank submitting that Required Document; have those officials ask questions about a particular that is required to be stated in that Required

Document or about a fact that it needs to prevent it from being misleading; and have them inspect the books and documents and other articles of the Major Holder of Voting Rights in the Bank.

- (2) In the case referred to in the preceding paragraph, the relevant officials must carry identification, and must present it if a concerned party so requests.
- (3) The authority under paragraph (1) must not be interpreted as having been accorded for the purpose of a criminal investigation.

Section 2 Special Provisions on a Bank's Major Shareholder

Subsection 1 General Rules

(Authorization, to Be Obtained by a Bank's Major Shareholder)

Article 52-9 (1) A person seeking to become the holder of a number of voting rights in a single Bank which is equal to or greater than the Major Shareholder Threshold, through one of the following transactions or actions, or to incorporate a company or corporation that would be the holder of a number of voting rights in a Bank which is equal to or greater than the Major Shareholder Threshold (other than the National Government, etc., a company seeking to become a Holding Company as prescribed in Article 52-17, paragraph (1), the person prescribed in that paragraph, and a Bank Holding Company seeking to make a Bank its Subsidiary Company) must first obtain the authorization of the Prime Minister to do so:

- (i) acquisition of voting rights in a Bank by the person seeking to become the holder of the relevant voting rights (unless this occurs through an acquisition of shares due to the enforcement of a security interest or any other cause specified by Cabinet Office Ordinance);
 - (ii) acquisition of the license referred to in Article 4, paragraph (1) by a company in which the person seeking to become the holder of the relevant voting rights holds a number of voting rights which is equal to or greater than the Major Shareholder Threshold; or
 - (iii) a transaction or action specified by Cabinet Order.
- (2) A person that becomes the holder of a number of voting rights in a single Bank which is equal to or greater than the Major Shareholder Threshold due to a cause other than a transaction or action set forth in the items of the preceding paragraph (other than the National Government, etc., a Bank Holding Company, or a Specified Holding Company prescribed in Article 52-17, paragraph (2); hereinafter referred to as a "Specified Major Shareholder" in this Article and Article 65) must take the measures that it needs to take so that it will no longer be the holder of a number of voting rights in the Bank which is equal to or greater than the Major Shareholder Threshold by the day on which one year has passed since the end of the business year of that Bank

which includes the date on which that cause arose (hereinafter referred to as the "Last Day of the Grace Period" in this paragraph and paragraph (4)); provided, however, that this does not apply if the Specified Major Shareholder obtains the authorization of the Prime Minister to remain the holder of a number of voting rights in a Bank which is equal to or greater than the Major Shareholder Threshold even after the Last Day of the Grace Period.

- (3) Once a Specified Major Shareholder ceases to be the holder of a number of voting rights in a Bank which is equal to or greater than the Major Shareholder Threshold through a measure under the preceding paragraph, it must file a notification with the Prime Minister indicating this, without delay. The same applies in the event that a Specified Major Shareholder ceases to be the holder of a number of voting rights in a Bank which is equal to or greater than the Major Shareholder Threshold without recourse to such a measure.
- (4) The Prime Minister may order a person that becomes the holder of a number of voting rights in a Bank which is equal to or greater than the Major Shareholder Threshold through a transaction or action set forth in one of the items of paragraph (1), without the authorization referred to in that paragraph; a company or other corporation that is incorporated as the holder of a number of voting rights in a Bank which is equal to or greater than the Major Shareholder Threshold, without the authorization referred to in that paragraph; or a person that remains the holder of a number of voting rights in a Bank which is equal to or greater than the Major Shareholder Threshold even after the Last Day of the Grace Period, without the authorization referred to in the proviso to paragraph (2); to take the measures that it needs to take so that it will no longer be the holder of a number of voting rights in the Bank which is equal to or greater than the Major Shareholder Threshold.

Article 52-10 Whenever an application is filed for the authorization referred to in paragraph (1) of the preceding Article or the proviso to paragraph (2) of the preceding Article, the Prime Minister must examine whether the following criteria are met:

- (i) the person filing the application for that authorization (hereinafter referred to as the "Applicant" in this Article) is a company or other corporation, or, if a company or other corporation would be incorporated under the authorization, the following criteria are met:
 - (a) in light of the particulars of the funds for the acquisition, the purpose of holdings in the voting rights, or any other particulars relevant to the holding of a number voting rights in a Bank which is equal to or greater than the Major Shareholder Threshold by that Applicant or by the company or other corporation that would be incorporated under the authorization (hereinafter referred to as the "Corporate Applicant, etc." in

- this item), the sound and appropriate management of the services of the Bank in which the Corporate Applicant, etc. is or would become the holder of a number of voting rights which is equal to or greater than the Major Shareholder Threshold is unlikely to be impaired;
- (b) in light of the financial condition and income and expenditures of the Corporate Applicant, etc. and its Subsidiary Companies (including a company that will become its Subsidiary Company), the sound and appropriate management of the services of the Bank in which that Corporate Applicant, etc. is or would become the holder of a number of voting rights which is equal to or greater than the Major Shareholder Threshold is unlikely to be impaired; and
 - (c) in light of such points as its personnel structure, the Corporate Applicant, etc. has a sufficient understanding of the public nature of Bank services, and has sufficient social credibility.
- (ii) if the case is other than what is set forth in the preceding item, the following criteria are met:
- (a) in light of the particulars of the funds for the acquisition, the purpose of holdings in the voting rights, or any other particulars relevant to the holding of a number of voting rights in a Bank which is equal to or greater than the Major Shareholder Threshold by the Applicant, the sound and appropriate management of the services of the Bank in which the Applicant is or would become the holder of a number of voting rights which is equal to or greater than the Major Shareholder Threshold is unlikely to be impaired;
 - (b) in light of the financial condition of the Applicant (including the status of the Applicant's income and expenditures, if that Applicant is a person that does business), the sound and appropriate management of the services of the Bank in which the Applicant is or would become the holder of a number of voting rights which is equal to or greater than the Major Shareholder Threshold is unlikely to be impaired; and
 - (c) the Applicant has a sufficient understanding of the public nature of Bank services, and has sufficient social credibility.

Subsection 2 Supervision

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

Article 52-11 If the Prime Minister finds it to be particularly necessary for ensuring the sound and appropriate management of Bank services, the minister, within the scope of that necessity, may request a Bank's Major Shareholder that holds a number of voting rights in that Bank which is equal to or greater than the Major Shareholder Threshold, to submit reports or

materials that should serve as a reference in connection with the business or financial condition of the Bank.

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

Article 52-12 (1) If the Prime Minister finds it to be particularly necessary for ensuring the sound and appropriate management of Bank services, the minister, within the scope of that necessity, may have the relevant officials enter the office or other facility of a Bank's Major Shareholder that holds a number of voting rights in that Bank which is equal to or greater than the Major Shareholder Threshold; have those officials ask questions about the business or financial condition of the Bank or the Bank's Major Shareholder; and have them inspect the books and documents and other objects of the Bank's Major Shareholder.

(2) In the case referred to in the preceding paragraph, the relevant officials must carry identification, and must present it if a concerned party so requests.

(3) The authority under paragraph (1) must not be interpreted as having been accorded for the purpose of a criminal investigation.

(Issuance of an Order for Action to a Bank's Major Shareholder)

Article 52-13 If a Bank's Major Shareholder comes to no longer meet a criterion set forth in one of the items of Article 52-10 (if conditions are imposed on the authorization referred to in Article 52-9, paragraph (1) or the proviso to Article 52-9, paragraph (2) of the Bank's Major Shareholder, based on the provisions of Article 54, paragraph (1), the criteria set forth in those items include such conditions), the minister may order the Bank's Major Shareholder to take the necessary measures to allow it to meet that criterion, indicating a deadline by which it must take those measures.

(Requesting a Bank's Major Shareholder to Submit an Improvement Plan)

Article 52-14 (1) If the Prime Minister finds it to be particularly necessary for ensuring the sound and appropriate management of Bank services in light of the business or financial condition of the Bank's Major Shareholder (limited to a person that holds more than fifty percent of all shareholders' voting rights in the Bank; hereinafter the same applies in this Article) (if the Bank's Major Shareholder is a company or other corporation, this includes the financial condition of any company, such as the Subsidiary Company of the Bank's Major Shareholder, which is uniquely related to the Bank's Major Shareholder as specified by Cabinet Office Ordinance), the minister, within the scope of that necessity, may indicate to the Bank's Major Shareholder the measures that it must take and the deadline for taking them, request it to submit an improvement plan for ensuring soundness in Bank management, or order it to

change an improvement plan that has been submitted; or may issue orders with respect to measures that are necessary from a supervisory perspective, within the scope of that necessity.

- (2) If the Prime Minister issues an order under the preceding paragraph to a Bank's Major Shareholder and finds it to be necessary in light of its compliance with the measures under that order, the minister may order the Bank in which the Bank's Major Shareholder holds more than fifty percent of all shareholders' voting rights to take the necessary measures for ensuring the sound and appropriate management of Bank services.

(Revoking the Authorization of a Bank's Major Shareholder)

Article 52-15 (1) If a Bank's Major Shareholder violates a law or regulation or a disposition by the Prime Minister based on a law or regulation, or commits an act that harms the public interest, the Prime Minister may order the Bank's Major Shareholder to take measures that are necessary from a supervisory perspective, or may revoke the authorization referred to in Article 52-9, paragraph (1) or in the proviso to Article 52-9, paragraph (2) for the Bank's Major Shareholder. In such a case, the authorization for incorporation referred to in paragraph (1) of that Article is deemed to have been granted to the Bank's Major Shareholder that constitutes the company or other corporation that has been incorporated under that authorization.

- (2) If the authorization referred to in Article 52-9, paragraph (1) or in the proviso to Article 52-9, paragraph (2) is revoked pursuant to the provisions of the preceding paragraph, a Bank's Major Shareholder must take the measures that it needs to take so that it will no longer be the holder of a number of voting rights in the Bank which is equal to or greater than the Major Shareholder Threshold, within the period designated by the Prime Minister.

Subsection 3 Miscellaneous Provisions

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

Article 52-16 Special provisions and technical replacements of terms for applying this Act to the holder of a number of voting rights in a Bank which is equal to or greater than the Major Shareholder Threshold if the holder is a foreign national or foreign corporation (hereinafter referred to as a "bank's foreign major shareholder" in this Article), and other necessary particulars relevant to the application of the provisions of this Act to a bank's foreign major shareholder are specified by Cabinet Order.

Section 3 Special Provisions on Bank Holding Companies

Subsection 1 General Rules

(Authorization as a Bank Holding Company)

Article 52-17 (1) A company seeking to become a Holding Company that has a Bank as a Subsidiary Company or to incorporate such a Holding Company through any of the following transactions or actions, must first obtain the authorization of the Prime Minister to do so:

(i) acquisition of voting rights in the Bank by the company or its Subsidiary Companies (unless this occurs through an acquisition of shares due to the enforcement of a security interest or any other cause specified by Cabinet Office Ordinance);

(ii) acquisition of the license referred to in Article 4, paragraph (1) by the Subsidiary Company of that company; or

(iii) a transaction or action specified by Cabinet Order.

(2) If a company becomes a Holding Company that has a Bank as a Subsidiary Company due to a cause other than a transaction or action set forth in one of the items of the preceding paragraph (hereinafter such a company is referred to as "Specified Holding Company"), it must file a notification with the Prime Minister indicating that it has become a Holding Company that has a Bank as a Subsidiary Company and giving other particulars specified by Cabinet Office Ordinance, within three months after the end of the relevant business year that includes the day on which that cause arises.

(3) A Specified Holding Company must take the measures that it needs to take so that it is no longer a Holding Company that has a Bank as its Subsidiary Company by the day on which one year has passed since the end of the business year that includes 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 does not apply if the Specified Holding Company obtains the authorization of the Prime Minister to remain a Holding Company that has a Bank as its Subsidiary Company even after the Last Day of the Grace Period.

(4) Once a Specified Holding Company ceases to be a Holding Company that has a Bank as its Subsidiary Company through a measure under the preceding paragraph, it must file a notification with the Prime Minister indicating this, without delay. The same applies in the event that a Specified Holding Company ceases to be a Holding Company that has a Bank as its Subsidiary Company without recourse to such a measure.

(5) The Prime Minister may order a company that becomes a Holding Company which has a Bank as its Subsidiary Company through a transaction or action set forth in one of the items of paragraph (1), without the authorization referred to in that paragraph; a company that is incorporated as a Holding Company which has a Bank as its Subsidiary Company without the

authorization under that paragraph; or a company that remains a Holding Company which has a Bank as its Subsidiary Company even after the Last Day of the Grace Period without the authorization referred to in the proviso to paragraph (3); to take the measures that it needs to take so that it is no longer a Holding Company that has a Bank as its Subsidiary Company.

Article 52-18 (1) Whenever an application is filed for the authorization referred to in paragraph (1) or in the proviso to paragraph (3) of the preceding Article, the Prime Minister must examine whether the following criteria are met:

- (i) the company filing the application for the authorization or the company that would be incorporated under the authorization (hereinafter referred to as the "Applicant, etc." in this Article) and its Subsidiary Companies (including any company that is to become its Subsidiary Company; the same applies in the following item) must have good prospects in terms of income and expenditures;
- (ii) the adequacy of the Applicant's, etc. and its Subsidiary Companies' equity capital are appropriate in light of the circumstances such as the assets that they own; and
- (iii) in light of such points as its personnel structure, the Applicant, etc. has the knowledge and experience to be able to implement the executive management of the Subsidiary Company or the Bank that would become its Subsidiary Company appropriately and fairly, and has sufficient social credibility.

(2) A Bank Holding Company (excluding one established under the laws and regulations of a foreign state) must be a stock company and have in place the following bodies:

- (i) a board of directors;
- (ii) a board of company auditors or committees; and
- (iii) a financial auditor.

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

Article 52-19 (1) Unless a director (or executive officer, if a Bank is a company with committees) that is engaged in the day-to-day business operations of a Bank Holding Company obtains the authorization of the Prime Minister to do so, it is prohibited for the director to engage in the day-to-day business operations of any other company.

(2) Whenever an application is filed for the authorization referred to in the preceding paragraph, the Prime Minister must grant that authorization unless the minister finds that the particulars to which the application pertains are likely to interfere with the sound and appropriate management of services at a

Bank that is the Subsidiary Company of the Bank Holding Company.

- (3) A person that has been issued an order to commence bankruptcy proceedings and that has not been discharged or a person that is treated in the same manner pursuant to foreign laws and regulations may not become the 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 as applied mutatis mutandis pursuant to Article 335, paragraph (1) (Qualifications of Company Auditors) of the Companies Act) of the Companies Act and of Article 332, paragraph (2) (Directors' Terms of Office) (including as 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 that Act do not apply to a Bank Holding Company.
- (5) A Bank Holding Company may not become the unlimited liability member of a membership company or a member that executes its business.

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

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

Subsection 2 Business and Subsidiary Companies, etc.

(Scope of Business of a Bank Holding Company)

- Article 52-21 (1) A Bank Holding Company may not engage in business other than the executive management of the Banks, companies set forth in the items of Article 52-23, paragraph (1), and Companies Eligible to Be Special Subsidiary Companies as referred to in Article 52-23-2, paragraph (1) which are its Subsidiary Companies, and the business incidental thereto.
- (2) In the running of its business, a Bank Holding Company must endeavor to ensure the sound and appropriate management of services at any Bank that is its Subsidiary Company.

(Establishment of a System to Protect the Interests of the Customer)

Article 52-21-2 (1) A Bank Holding Company, pursuant to Cabinet Office Ordinance, must appropriately manage information connected with the services performed by a Bank that is the Subsidiary Company of the Bank Holding Company, a Bank Agent that has a Bank which is the Subsidiary Company of the Bank Holding Company as its Principal Bank, or the Bank Holding Company's Parent Financial Institution, etc. or Subsidiary Financial

Institution, etc. (such services are limited to the Banking, Bank Agency Services, and other services specified by Cabinet Office Ordinance); and must establish a system for appropriately supervising the compliance of those services and take any other measures as are necessary, in line with the transactions that a Bank that is the Subsidiary Company of the Bank Holding Company, a Bank Agent that has a Bank which is the Subsidiary Company of the Bank Holding Company as its Principal Bank, or the Bank Holding Company's Subsidiary Financial Institution, etc. carries out, so that the interests of the customers connected with those services are not unjustly prejudiced.

(2) The term "Parent Financial Institution, etc." as used in the preceding paragraph means a Bank, Financial Instruments Business Operator, Insurance Company, or other person engaged in financial services which is specified by Cabinet Order, which Cabinet Order stipulates as holding the majority of all shareholders' voting rights in the relevant Bank Holding Company or as being closely related to the Bank Holding Company in any other such way.

(3) The term "Subsidiary Financial Institution, etc." as used in paragraph (1) means a Bank (other than a Bank that is the Subsidiary Company of the relevant Bank Holding Company), Financial Instruments Business Operator, Insurance Company, or other person engaged in financial services which is specified by Cabinet Order, in which Cabinet Order stipulates the relevant Bank Holding Company to hold the majority of All Shareholders', etc. Voting Rights or which Cabinet Order stipulates to be closely related to that Bank Holding Company in any other such way.

(Credit Extended, etc. to a Single Person that Is Connected with a Bank Holding Company)

Article 52-22 (1) The total amount of credit extended, etc. (meaning credit that is extended or a financial contribution as specified by Cabinet Order; hereinafter the same applies in this Article) by a Bank Holding Company or its Subsidiary Company, etc. (meaning a person, such as a Subsidiary Company of the Bank Holding Company (other than one as specified by Cabinet Office Ordinance), which is uniquely related to the Bank Holding Company as specified by Cabinet Order; hereinafter the same applies in this Article) to a single person (a single person includes any other person that is uniquely related to that single person as specified by Cabinet Order; hereinafter the same applies in this Article) must not exceed the amount arrived at 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 in respect of each of the categories provided by Cabinet Order (hereinafter the amount thus calculated is referred to as the "limit on extensions of credit, etc. by a bank

holding company" in this Article); provided, however, that this does not apply with the approval of the Prime Minister, if the total amount of credit extended, etc. by a Bank Holding Company and its Subsidiary Companies to a single person comes to exceed the limit on extensions of credit, etc. by a Bank Holding Company as a result of a merger, joint incorporation-type company split, absorption-type company split, or business acquisition by the person to which the credit is extended, etc., or due to a compelling reason as specified by Cabinet Order.

- (2) The provisions of the preceding paragraph do not apply to the extension of credit to the national or local government, the extension of credit for which the government guarantees the redemption of the principal and payment of interest, or any other credit extended, etc. which is specified by Cabinet Order as 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. is deemed to be credit extended, etc. by the Bank Holding Company.
- (4) Beyond what is provided for in the preceding three paragraphs, the way of calculating the amount of credit extended, etc., the total net amount of equity capital referred to in paragraph (1), and the limit on extensions of credit, etc. by the bank holding company, and any other necessary particulars relevant to the application of these provisions is specified by Cabinet Office Ordinance.

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

Article 52-23 (1) A Bank Holding Company must not have a company other than a Bank or a company that falls under one of the following (hereinafter, such a company is referred to as a "Company Eligible to Be a Subsidiary Company" in this Article and paragraph (2) of the following Article) as its Subsidiary Company:

- (i) a Long-Term Credit Bank;
- (i)-2 a Company Specialized in Fund Transfers;
- (ii) a Specialized Securities Company;
- (iii) a Specialized Securities Intermediation Company;
- (iv) an Insurance Company;
- (iv)-2 a Low-Cost, Short-Term Insurance Provider;
- (v) a Company Specialized in Trust Business;
- (vi) a foreign company engaging in Banking;
- (vii) a foreign company engaging in Securities Services (other than one that falls under the category of company set forth in the preceding item);
- (viii) a foreign company engaging in Insurance Business (other than one that

- falls under the category of company set forth in item (vi));
- (ix) a foreign company engaging in Trust Business (other than one that falls under the category of company set forth in item (vi));
 - (x) a company exclusively engaging in the following services (if the company performs the service set forth in sub-item (a) below, this is limited to one that does so primarily in respect of services performed by the Bank Holding Company, its Subsidiary Companies (limited to Banks and to companies set forth in items (i), (i)-2, and (vi); the same applies in paragraph (6)) and other persons specified by Cabinet Office Ordinance as being similar thereto):
 - (a) services specified by Cabinet Office Ordinance as being dependent on the services performed by a Bank or by a company as set forth in one of the preceding items (hereinafter referred to as "dependent services" in this Article); or
 - (b) Financial Services as defined in Article 16-2, paragraph (2), item (ii) (this excludes Specialized Securities Services as defined in Article 16-2, paragraph (2), item (iii) if the Bank Holding Company does not have a Specialized Securities Company, Specialized Securities Intermediation Company, or foreign company engaging in Securities Services as its Subsidiary Company; excludes Specialized Insurance Services as defined in Article 16-2, paragraph (2), item (iv) if the Bank Holding Company does not have an Insurance Company, Low-Cost, Short-Term Insurance Provider, or foreign company engaging in Insurance Business as its Subsidiary Company; and excludes Specialized Trust Services as defined in Article 16-2, paragraph (2), item (v) if the Bank Holding Company does not have a Trust Bank, Company Specialized in Trust Business, or foreign company engaging in Trust Business as its Subsidiary Company).
 - (xi) a company specified by Cabinet Office Ordinance as one that is developing a new business field or engaging in new business activities that are found to contribute considerably to improving business operations (but only if the aggregate total of the voting rights in the company that are held by the Bank Holding Company and those of its Subsidiary Companies which are other than companies as set forth in the preceding item and specified by Cabinet Office Ordinance (each such other company is referred to as a "Specified Subsidiary Company" in Article 52-24, paragraph (7)) does not exceed the maximum threshold for voting rights held as prescribed in Article 52-24, paragraph (1));
 - (xii) a Holding Company as specified by Cabinet Office Ordinance, whose Subsidiary Companies consist exclusively of companies as set forth in the preceding items (including a company that is scheduled to become such a Holding Company).
- (2) The provisions of the preceding paragraph do not apply if a company other

than a Company Eligible to Be a Subsidiary Company becomes the Subsidiary Company of a Bank Holding Company through an acquisition of shares, etc. in that company by the Bank Holding Company or its Subsidiary Company due to the enforcement of a security interest or any other cause specified by Cabinet Office Ordinance; provided, however, that the Bank Holding Company must take the measures that it needs to take so that the company that has so become its Subsidiary Company is no longer its Subsidiary Company by the day on which one year has passed since the date on which that cause arose.

(3) Unless a Bank Holding Company obtains authorization for a merger, company split, or business acquisition pursuant to the provisions of Article 52-35, paragraphs (1) to (3) inclusive, it must obtain the authorization of the Prime Minister before seeking to make a Company Eligible to Be a Subsidiary Company which is a Bank or a company as set forth in one of items (i) to (x) inclusive and (xii) of paragraph (1) (other than a company exclusively engaged in dependent services or services specified by Cabinet Office Ordinance as incidental or related to Banking (if a company performs dependent services, this is limited to one that does so primarily in respect of services performed by a Bank which is a Subsidiary Company of the Bank Holding Company)) (hereinafter such a Company Eligible to Be a Subsidiary Company is referred to as a "Bank, etc. Eligible to Be a Subsidiary Company" in this Article and Article 52-24, paragraph (4), item (iv)) a Subsidiary Company.

(4) The provisions of the preceding paragraph do not apply if a Bank, etc. Eligible to Be a Subsidiary Company becomes the Subsidiary Company of a Bank Holding Company through an acquisition of shares, etc. by the Bank Holding Company or its Subsidiary Company due to the enforcement of a security interest or any other cause specified by Cabinet Office Ordinance; provided, however, that unless it obtains the authorization of the Prime Minister to continue to have, as its Subsidiary Company, the Bank, etc. Eligible to Be a Subsidiary Company which has become its Subsidiary Company, the Bank Holding Company must take the measures that it needs to take so that the Bank, etc. Eligible to Be a Subsidiary Company is no longer its Subsidiary Company by the day on which one year has passed since the date on which that cause arose.

(5) The provisions of paragraph (3) apply mutatis mutandis if a Bank Holding Company seeks to make a Subsidiary Company that constitutes a company as set forth in one of the items of paragraph (1) into a Subsidiary Company that constitutes a company as set forth in one of the other items of that paragraph (limited to one that is 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 stipulates the criteria for whether a company performs dependent services primarily for a Bank Holding Company, its Subsidiary Company, or

any other person specified by Cabinet Office Ordinance as similar thereto, or in respect of services performed by a Bank which is the Subsidiary Company of a Bank Holding Company.

(Special Provisions on the Scope of Subsidiary Companies for 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 each such company is referred to as a "Company Eligible to Be a Special Subsidiary Company") as a Subsidiary Company (other than the Subsidiary Company of a Bank which is the Subsidiary Company of that Bank Holding Company; hereinafter referred to as a "Specified Bank Holding Company Subsidiary"):

- (i) a company exclusively engaged in the Subject Services of a Special Subsidiary Company (other than one of the following companies):
 - (a) a company exclusively engaged in services set forth in paragraph (1) item (x), sub-item (a) or (b) of the preceding Article (limited to a company that performs the services set forth in sub-item (a) of that item (referred to as "dependent services" in the following paragraph)), which does so primarily in respect of services performed by the Bank Holding Company, its Subsidiary Company (limited to one that is a Bank or a company as set forth in paragraph (1), item (i) or (vi) of that Article). or any other person specified by Cabinet Office Ordinance as similar thereto; and
 - (b) a company as set forth in paragraph (1), item (xi) of the preceding Article.
- (ii) a company exclusively engaged in services in which a company set forth in the items of paragraph (1) of the preceding Article (excluding item (xi)) is permitted to engage, or in the Subject Services of a Special Subsidiary Company (other than a company as set forth in sub-item (b) of the preceding item).

(2) The term "Subject Services of a Special Subsidiary Company" as used in the items of the preceding paragraph means services which are other than those in which a Company Eligible to Be a Subsidiary Company (other than a company set forth in paragraph (1), item (xi) of the preceding Article) is permitted to engage (other than dependent services; hereinafter those in which such a company is permitted to engage are referred to as "specified services" in this paragraph), and which constitute the purchase and sale of commodities as prescribed in Article 10, paragraph (2), item (xiv) through Financial Derivative Transactions as prescribed in that item, and any other services specified by Cabinet Office Ordinance as equivalent to specified services.

(3) A Bank Holding Company must stipulate the Subject Services of the Special Subsidiary Company (meaning the Subject Services of a Special Subsidiary

Company as prescribed in the preceding paragraph; hereinafter the same applies in this Article and Article 65, item (xvii)) in which the Specified Bank Holding Company Subsidiary would seek to engage and obtain the authorization of the Prime Minister before seeking to make a Company Eligible to Be a Special Subsidiary Company its Specified Bank Holding Company Subsidiary pursuant to the provisions of paragraph (1).

- (4) If a Bank Holding Company makes a Company Eligible to Be a Special Subsidiary Company a Specified Bank Holding Company Subsidiary pursuant to the provisions of paragraph (1), it must take the measures it needs to take in order for the Specified Bank Holding Company Subsidiary to satisfy the requirements specified by Cabinet Office Ordinance as those that are found to be necessary for ensuring the sound and appropriate management of services at a Bank that is the Subsidiary Company of the Bank Holding Company in respect of the Subject Services of the Special Subsidiary Company, in consideration of the contents of the Subject Services of that Special Subsidiary Company.
- (5) The provisions of paragraph (3) do not apply if a Company Eligible to Be a Special Subsidiary Company becomes a Specified Bank Holding Company Subsidiary due to a cause specified by Cabinet Office Ordinance as provided in paragraph (4) of the preceding Article; provided, however, that unless it obtains the authorization of the Prime Minister to continue to have, as its Specified Bank Holding Company Subsidiary, the Company Eligible to Be a Special Subsidiary Company which has become its Specified Bank Holding Company Subsidiary, the Bank Holding Company must take the measures that it needs to take so that the Company Eligible to Be a Special Subsidiary Company is no longer its Specified Bank Holding Company Subsidiary by the day on which one year has passed since the date on which that cause arose.
- (6) The provisions of paragraph (3) apply *mutatis mutandis* if a Bank Holding Company seeks to make a Company Eligible to Be a Special Subsidiary Company which it has as a Specified Bank Holding Company Subsidiary into a Specified Bank Holding Company Subsidiary that engages in Subject Services of a Special Subsidiary Company which are other than the Subject Services of a Special Subsidiary Company to which the authorization referred to in that paragraph pertains.
- (7) The provisions of paragraph (4) do not apply to cases prescribed in the main clause of paragraph (5) (other than those in which the Bank Holding Company continues to have, as its as its Specified Bank Holding Company Subsidiary, the Company Eligible to Be a Special Subsidiary Company that has become its Specified Bank Holding Company Subsidiary with the authorization of the Prime Minister pursuant to the proviso to paragraph (5)).

- (Restriction on the Acquisition of Voting Rights by a Bank Holding Company)
- Article 52-24 (1) It is prohibited for a Bank Holding Company or its Subsidiary Company to acquire or hold voting rights in a domestic company (other than a Bank, a company as set forth in one of Article 52-23, paragraph (1), items (i) to (v) inclusive, item (x), or item (xii), or a Company Eligible to Be a Special Subsidiary Company; hereinafter the same applies in this Article) if the aggregate total of the voting rights held by the Bank Holding Company and its Subsidiary Companies exceeds the maximum threshold for voting rights held (meaning the number of voting rights that constitutes fifteen percent of All Shareholders', etc. Voting Rights in the domestic company; the same applies hereinafter in this Article).
- (2) The provisions of the preceding paragraph do not apply if a Bank Holding Company or its Subsidiary Company comes to acquire or hold voting rights in a domestic company that exceed the maximum threshold for voting rights held due to the enforcement of a security interest or any other cause specified by Cabinet Office Ordinance; provided, however, that unless the Bank Holding Company obtains the approval of the Prime Minister in advance, it is prohibited for the Bank Holding Company and its Subsidiary Companies to continue to hold the part of the voting rights which, in aggregate, they have come to acquire or hold in excess of the maximum threshold for voting rights held after one year has passed since the day on which they came to acquire or hold those voting rights.
- (3) In the case referred to in the proviso to the preceding paragraph, it is prohibited for any part of the voting rights in a domestic company which a Bank Holding Company and its Subsidiary Companies have come to acquire or hold that, in aggregate, exceeds fifty percent of All Shareholders', etc. Voting Rights in that company, to be made subject to the approval referred to in that paragraph that the Prime Minister gives ; and if the Prime Minister gives the approval referred to in the preceding paragraph, this must be made conditional upon the Bank Holding company and its Subsidiary Companies promptly disposing of the part of the voting rights they have come 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 one of the following items, even if the voting rights in a domestic company that a Bank Holding Company and its Subsidiary Companies come to hold on the day specified in the relevant item exceed the maximum threshold for voting rights held, the Bank Holding Company and its Subsidiary Companies may hold those voting rights in excess of the maximum threshold for voting rights held, from that day forward; provided, however, that the Prime Minister must not grant the authorization provided for in the relevant of the following items if, in the case set forth in that item, the Bank Holding Company and its Subsidiary

Companies would come to hold voting rights in a domestic company which, in aggregate, would exceed fifty percent of All Shareholders', etc. Voting Rights in that company:

- (i) a company that has obtained the authorization referred to in Article 52-17, paragraph (1) becomes a Bank Holding Company: the day it becomes a Bank Holding Company;
 - (ii) a Bank Holding Company is incorporated under the authorization referred to in Article 52-17, paragraph (1): the day it is incorporated;
 - (iii) a Specified Holding Company becomes a Bank Holding Company, under the authorization referred to in the proviso to Article 52-17, paragraph (3): the day it obtains the authorization;
 - (iv) a Bank Holding Company makes a Bank, etc. Eligible to Be a Subsidiary Company its Subsidiary Company, under the authorization referred to in Article 52-23, paragraph (3) (limited to a case as specified by Cabinet Office Ordinance): the day it makes it its Subsidiary Company;
 - (v) a Bank Holding Company implements a merger under the authorization referred to in Article 52-35, paragraph (1) (but only if the Bank Holding Company survives the merger): the day it implements the merger;
 - (vi) a Bank Holding Company succeeds to a business in an absorption-type company split, under the authorization referred to in Article 52-35, paragraph (2) (limited to a case as specified by Cabinet Office Ordinance): the day the absorption-type company split is implemented;
 - (vii) a Bank Holding Company makes a business acquisition, under the authorization referred to in Article 52-35, paragraph (3) (limited to a case as specified by Cabinet Office Ordinance): the day it makes that business acquisition.
- (5) The Prime Minister, in giving the authorization provided for in the items of the preceding paragraph, must make this conditional on the Bank Holding Company's or its Subsidiary Companies' disposal of the part of the voting rights in the domestic company which they come to hold on the day set forth in the relevant of those items that, in aggregate, exceeds the maximum threshold for voting rights held, in accordance with the requirements set by the Prime Minister, by the day on which five years have passed since that day.
- (6) If a Bank Holding Company and its Subsidiary Companies come to hold voting rights in a domestic company which, in aggregate, exceed the maximum threshold for voting rights held, the Bank Holding Company is deemed to be the one that has acquired or that holds the part of the voting rights that is in excess of this.
- (7) In a case as referred to in the preceding paragraphs, a Specified Subsidiary Company is deemed not to be the Subsidiary Company of a Bank Holding Company with respect to acquisition or holding of voting rights in a company

specified by Cabinet Office Ordinance as one that is developing a new business field or engaging in new business activities that are found to contribute considerably to improving business operations,.

- (8) The provisions of Article 2, paragraph (11) apply mutatis mutandis to voting rights that a Bank Holding Company or its Subsidiary Company acquires or holds in a case referred to in one of the preceding paragraphs.

(Ensuring Soundness in the Management of Banks Connected with a Bank Holding Company)

Article 52-25 The Prime Minister, in order to contribute to the sound management of Bank services, may stipulate criteria that should serve as a reference for determining the soundness of Bank management, as the criteria for a Bank Holding Company to use in order to determine whether the adequacy of equity capital of the Bank Holding Company or of any company, such as its Subsidiary Company, which is uniquely related to the Bank Holding Company as specified by Cabinet Office Ordinance (hereinafter each such a company is referred to as a "Subsidiary Company, etc." in this Section) is appropriate in light of circumstances such as the assets owned by the Bank Holding Company and its Subsidiary Companies, etc. or as the criteria for it to use in order to otherwise determine the soundness of its and its Subsidiary Companies' management.

Subsection 3 Accounting

(Business Year of a Bank Holding Company)

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

(Business Reports of a Bank Holding Company)

Article 52-27 (1) Each business year, a Bank Holding Company must prepare an interim business report for the interim business year that is a part of the relevant business year, in which it states the business and financial condition of the Bank Holding Company and its Subsidiary Companies, etc. on a consolidated basis; prepare a business report for the entire business year in which it states this on a consolidated basis; and submit these reports to the Prime Minister.

- (2) The information for inclusion in the interim business report and business report, the due dates for submission, and any other necessary information with regard to these reports is specified by Cabinet Office Ordinance.

(Public Notice of the Balance Sheet of a Bank Holding Company)

Article 52-28 (1) Each business year, a Bank Holding Company must prepare a balance sheet and profit and loss statement for the interim business year that is a part of the relevant business year, in which it makes consolidated entries for the Bank Holding Company and its Subsidiary Companies, etc. (hereinafter referred to as an "Interim Consolidated Balance Sheet, etc." in this Article), and prepare a balance sheet and profit and loss statement for the entire business year in which it makes such consolidated entries (hereinafter referred to as a "Consolidated Balance Sheet, etc." in this Article), pursuant to the provisions of Cabinet Office Ordinance.

(2) Interim Consolidated Balance Sheets, etc. and Consolidated Balance Sheets, etc. may be prepared as electronic or magnetic records.

(3) A Bank Holding Company must issue public notice of its Interim Consolidated Balance Sheet, etc. within three months after the end of the relevant interim business year, and of its 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 if it is not possible for a Bank Holding Company to issue public notice of these documents within that three-month period due to reasons beyond its control, it may postpone that public notice, with the approval of the Prime Minister.

(4) Notwithstanding the provisions of the preceding paragraph, it is sufficient for a Bank Holding Company that uses the means of public notice set forth in Article 57, item (i), to issue a public notice that gives an overview of the 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 applies *mutatis mutandis*.

(5) Pursuant to the provisions of Cabinet Office Order, a Bank Holding Company as prescribed in the preceding paragraph may employ a measure, within three months after the end of the relevant interim business year, which uses electronic or magnetic means to put the Interim Consolidated Balance Sheet, etc. into a form that will make it possible for many and unspecified persons to be provided with it over a continuous period of five years; and may employ a measure, within three months after the end of the relevant business year, which uses electronic or magnetic means to put the information contained in the Consolidated Balance Sheet, etc. into a form that will make it possible for many and unspecified persons to be provided with it over a continuous period of five years. In doing so, the Bank is deemed to have issued public notice pursuant to the provisions of paragraph (3).

(6) The provisions of the preceding paragraphs do not apply to a Bank Holding Company which is required to submit an annual securities report to the Prime Minister pursuant to the provisions of Article 24, paragraph (1) (Submission of Annual Securities Reports) of the Financial Instruments and Exchange Act.

(Making Explanatory Documents about the Business and Financial Condition of a Bank Holding Company Available for Public Inspection)

- Article 52-29 (1) Each business year, a Bank Holding Company must prepare explanatory documents for the interim business year that is a part of the relevant business year, in which it states the particulars specified by Cabinet Office Ordinance as pertinent to the business and financial condition of the Bank Holding Company and its Subsidiary Companies, etc. on a consolidated basis; prepare explanatory documents for the entire business year in which it states these particulars on a consolidated basis; keep these documents at the business offices (excluding unmanned business offices and other offices specified by Cabinet Office Ordinance; the same applies in paragraph (3)) of the Banks which are Subsidiary Companies of the Bank Holding Company; and make those documents available for public inspection. The same applies to the documents prepared pursuant to the provisions of paragraph (1) of the preceding Article.
- (2) Explanatory documents for the interim business year and those for the entire business year as provided in the first sentence of the preceding paragraph may be prepared as electronic or magnetic records.
- (3) If the explanatory documents for the interim business year and those for the entire business year which are provided for in the first sentence of paragraph (1) or the documents provided for in the second sentence of that paragraph have been prepared as electronic or magnetic records, the Bank Holding Company may employ what is specified by Cabinet Office Ordinance as a measure that uses electronic or magnetic means to put the information recorded in an electronic or magnetic record into a form that makes it possible for many and unspecified persons to be provided with it at the business offices of the Banks that are Subsidiary Companies of the Bank Holding Company. In doing so, the Bank Holding Company is deemed to be keeping the explanatory documents for the interim business year and those for the entire business year which are provided for in the first sentence of paragraph (1) or the documents provided for in the second sentence of that paragraph and making them available for public inspection pursuant to the provisions of that paragraph.
- (4) Beyond what is provided for in the preceding three paragraphs the periods of time during which explanatory documents for the interim business year that is a part of the relevant business year and those for the entire business year which are referred to in the first sentence of paragraph (1) and the documents referred to in the second sentence of that paragraph are made available for public inspection, and other necessary particulars relevant to the application of these provisions are specified by Cabinet Office Ordinance.
- (5) A Bank Holding Company must endeavor to disclose information beyond what

is provided for in the preceding paragraphs, which should serve as a reference so as to allow the depositors and other customers of the Banks that are its Subsidiary Companies to learn of the business and financial condition of the Bank Holding Company and its Subsidiary Companies, etc..

(Information for Inclusion in the Business Report of a Bank Holding Company)
Article 52-30 Information for inclusion in business reports and annexed detailed statements which a Bank Holding Company prepares pursuant to Article 435, paragraph (2) (Preparation and Retention of Financial Statements, etc.) of the Companies Act, or information to be recorded in the same, is specified by Cabinet Office Ordinance.

Subsection 4 Supervision

(Submission of Reports or Materials by a Bank Holding Company)
Article 52-31 (1) If the Prime Minister finds it to be necessary for ensuring the sound and appropriate management of Bank services, the minister may request the Bank Holding Company which has a Bank as its Subsidiary Company to submit reports or materials that should serve as a reference in connection with the business or financial condition of that Bank.
(2) If the Prime Minister requests a Bank to submit reports or materials pursuant to the provisions of Article 24, paragraph (1), requests the Bank Holding Company which has that Bank as its Subsidiary Company to submit reports or materials pursuant to the provisions of the preceding paragraph, and finds it to be particularly necessary, the minister, within the scope of that necessity, may request the subsidiary corporation, etc. of that Bank Holding Company (meaning a Subsidiary Company or a company specified by Cabinet Office Ordinance as a corporation whose management is controlled by that Bank Holding Company, other than the Bank in question; the same applies in the following paragraph and paragraphs (2) and (5) of the following Article) or the person that a Bank Holding Company has entrusted with its services to submit reports or materials that should serve as a reference in connection with the business or financial condition of that Bank or Bank Holding Company.
(3) The subsidiary corporation, etc. of a Bank Holding Company or the person that a Bank Holding Company has entrusted with its services may refuse to submit a report or material under the preceding paragraph if it has a legitimate reason for doing so.

(On-Site Inspection of a Bank Holding Company)
Article 52-32 (1) If the Prime Minister finds it to be necessary for ensuring the sound and appropriate management of Bank services, the minister may have

the relevant officials enter the business office or other facility of the Bank Holding Company which has a Bank as its Subsidiary Company; have those officials ask questions about the business or financial condition of the Bank or the Bank Holding Company; and have them inspect the books and documents and other articles of the Bank Holding Company.

- (2) If an entry into a facility, questioning, or inspection under Article 25, paragraph (1) is to take place at a Bank; if an entry into a facility, questioning, or inspection under the preceding paragraph is also to take place at the Bank Holding Company that has that Bank as its Subsidiary Company; and if the Prime Minister finds it to be particularly necessary, the minister, within the scope of that necessity, may have the relevant officials enter the business office or other facility of a subsidiary corporation, etc. of the Bank Holding Company or the business office or other facility of the person that a Bank Holding Company has entrusted with its services; have those officials ask questions about any particular that needs to be asked about in connection with the questioning or inspection of the Bank or the Bank Holding Company; and have them inspect its books and documents and other objects.
- (3) In a case as referred to in one of the preceding two paragraphs, the relevant officials must carry identification, and must present it if a concerned party so requests.
- (4) The authority under paragraph (1) or (2) must not be interpreted as having been accorded for the purpose of a criminal investigation.
- (5) The provisions of paragraph (3) of the preceding Article apply mutatis mutandis to the questioning and inspection under paragraph (2) of the subsidiary corporation, etc. of a Bank Holding Company or the questioning and inspection under that paragraph of the person that a Bank Holding Company has entrusted with its services.

(Requesting a Bank Holding Company to Submit an Improvement Plan)

Article 52-33 (1) If the Prime Minister finds it to be particularly necessary for ensuring the sound and appropriate management of services at a Bank that is the Subsidiary Company of a Bank Holding Company, in light of the financial condition of the Bank Holding Company or the financial condition of the Bank Holding Company and its Subsidiary Companies, etc., the minister may indicate to the Bank Holding Company the measures that it must take and the deadline for taking them, request it to submit an improvement plan for ensuring soundness in Bank management, or order it to change an improvement plan that has been submitted; or may issue orders with respect to measures that are necessary from a supervisory perspective, within the scope of that necessity.

- (2) An order under the preceding paragraph (this includes a request to submit an

improvement plan; the same applies in the following paragraph) that is issued when it is found necessary to do so in light of adequacy in the equity capital of the Bank Holding Company and its Subsidiary Companies, etc. must be one as is specified by Cabinet Office Ordinance or Ordinance of the Ministry of Finance for the relevant category of adequacy in the equity capital of the Bank Holding Company and its Subsidiary Companies, etc., as specified by Cabinet Office Ordinance or Ordinance of the Ministry of Finance.

- (3) If the Prime Minister has issued the order under paragraph (1) to a Bank Holding Company, and finds it to be particularly necessary in light of compliance with the measures under that order, the minister may order a Bank which is the Subsidiary Company of the Bank Holding Company to take the necessary measures for ensuring the sound and appropriate management of its business.

(Revocation of the Authorization of a Bank Holding Company)

Article 52-34 (1) If a Bank Holding Company violates a law or regulation, its articles of incorporation, or a disposition by the Prime Minister based on a law or regulation, or commits an act that harms the public interest, the Prime Minister may order the Bank Holding Company to dismiss its director, executive officer, accounting advisor, or company auditor, order it to take other measures that are necessary from a supervisory perspective, or revoke the authorization referred to in Article 52-17, paragraph (1) or the proviso to Article 52-17, paragraph (3) for the Bank Holding Company; or may order a Bank which is the Subsidiary Company of that Bank Holding Company to suspend the whole or part of its business activities. In such a case, the authorization for incorporation referred in paragraph (1) of that Article is deemed to have been granted to the Bank Holding Company incorporated under that authorization.

- (2) If a Bank Holding Company has its authorization as referred to in Article 52-17, paragraph (1) or the proviso to Article 52-17, paragraph (3) revoked pursuant to the provisions of the preceding paragraph, it must take the measures that it needs to take so that it is no longer a Holding Company that has a Bank as its Subsidiary Company, within the period designated by the Prime Minister.
- (3) If the measures provided for in the preceding paragraph are taken, but the company that takes those measures is still the holder of a number of voting rights in the Bank which is equal to or greater than the Major Shareholder Threshold, the day on which these measures are taken is deemed to be the date on which the cause referred to in that provisions arose, and the provisions of Article 52-9, paragraph (2) apply.
- (4) If a Holding Company that has a Bank as its Subsidiary Company falls under

one of the following items and the Prime Minister finds it to be necessary, the minister may order a Bank which is the Subsidiary Company of that Holding Company to suspend the whole or part of its business activities:

- (i) it became a Holding Company that has a Bank as its Subsidiary Company through one of the transactions or actions set forth in the items of Article 52-17, paragraph (1), without the authorization set forth in that paragraph;
- (ii) it was incorporated as a Holding Company that has a Bank as its Subsidiary Company without the authorization set forth in Article 52-17, paragraph (1);
- (iii) it remains a Holding Company that has a Bank as its Subsidiary Company after the Last Day of the Grace Period referred to in Article 52-17, paragraph (3), without the authorization referred to in the proviso to that Article; or
- (iv) it is a Holding Company that has had the authorization referred to in Article 52-17, paragraph (1) or the proviso to Article 52-17, paragraph (3) revoked pursuant to the provisions of paragraph (1), has not taken the measures under paragraph (2), and still has a Bank as its Subsidiary Company after the expiration of the period designated by the Prime Minister which is referred to in that paragraph.

Subsection 5 Miscellaneous Provisions

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

Article 52-35 (1) A merger in which Bank Holding Companies constitute all or some of the parties (limited to one in which a company that was a Bank Holding Company before the merger survives as a Bank Holding Company after the merger) does not become effective without the authorization of the Prime Minister.

(2) Except as specified by Cabinet Order, a company split to which a Bank Holding Company is party (limited to one in which the Bank Holding Company that has its business succeeded to or the Bank Holding Company that succeeds to a business continues to exist as a Bank Holding Company after the company split) does not become effective without the authorization of the Prime Minister.

(3) Except as specified by Cabinet Order, a business transfer or acquisition in which a Bank Holding Company transfers or acquires all or a part of a business (limited to one in which the Bank Holding Company that transfers or acquires the business continues to exist as a Bank Holding Company even after the transfer or acquisition) does not become effective without the authorization of the Prime Minister.

(4) The provisions of Article 52-18, paragraph (1) apply mutatis mutandis when an application for the authorization referred to in one of the preceding three

paragraphs is filed.

Chapter VII-4 Bank Agency Services

Section 1 General Rules

(License)

- Article 52-36 (1) A person may not perform Bank Agency Services unless licensed by the Prime Minister to do so.
- (2) A Bank Agent may not perform Bank Agency Services unless entrusted by a Principal Bank to do so, or unless further entrusted to do so by a Bank Agent that has been entrusted to do so by a Principal Bank.
- (3) A Bank Agent may not further entrust a person with Bank Agency Services unless it obtains the authorization of the Principal Bank to do so in advance.

(Application for a License)

- Article 52-37 (1) A person seeking to be licensed as referred to 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)) must submit a written application to the Prime Minister in which it states the following particulars:
- (i) the trade name or name of the Applicant;
 - (ii) if the Applicant is a corporation, the names of its officers;
 - (iii) the name and location of the Applicant's business offices and other offices at which it would perform the Bank Agency Services;
 - (iv) the trade name of the Principal Bank;
 - (v) if the Applicant has other business dealings, the business type; and
 - (vi) the particulars specified by Cabinet Office Ordinance.
- (2) The following documents must accompany the written application referred to in the preceding paragraph.
- (i) If the Applicant is a corporation, the articles of incorporation and certificate of registered information (or documents equivalent thereto);
 - (ii) documents stating the things specified by Cabinet Office Ordinance as constituting the business outline and business methods as relates to Bank Agency Services; or
 - (iii) the documents specified by Cabinet Office Ordinance.

(Criteria for a License)

- Article 52-38 (1) Whenever an application is filed for an Article 52-36, paragraph (1) license, the Prime Minister must examine whether the Applicant meets the following criteria:
- (i) it has what is found to be the necessary financial basis for it to perform

Bank Agency Services, and this meets the criteria specified by Cabinet Office Ordinance;

(ii) in light of such points as its personnel structure, the Applicant has the ability necessary to perform Bank Agency Services appropriately, fairly, and efficiently, and has sufficient social credibility; and

(iii) other business in which the Applicant has dealings is unlikely to prevent the Applicant from performing Bank Agency Services appropriately and reliably.

(2) If the Prime Minister finds it to be necessary in the public interest, in light of the examination criteria under the preceding paragraph, the minister, within the scope of that necessity, may attach conditions on the content of Bank Agency Services or other particulars to an Article 52-36, paragraph (1) license, and may change such conditions.

(Notification of a Change)

Article 52-39 (1) If a particular set forth in one of the items of Article 52-37, paragraph (1) changes, the Bank Agent must file a notification with the Prime Minister indicating this, within two weeks after the day on which this occurs.

(2) When seeking to change a particular stipulated in the document set forth in Article 52-37, paragraph (2), item (ii), a Bank Agent must file a notification with the Prime Minister indicating this, pursuant to the provisions of Cabinet Office Ordinance.

(Posting of Signs)

Article 52-40 (1) A Bank Agent must post a sign in the format specified by Cabinet Office Ordinance in a place that is accessible to the public at each of its business offices and other offices where the Bank Agent performs Bank Agency Services.

(2) It is prohibited for a person other than a Bank Agent to post the sign referred to in the preceding paragraph or a sign similar thereto.

(Prohibition on Name Lending)

Article 52-41 A Bank Agent must not allow another person to engage in Bank Agency Services using the name of that Bank Agent.

Section 2 Services

(Scope of Services)

Article 52-42 (1) In addition to Bank Agency Services and services incidental to Bank Agency Services, a Bank Agent may perform other business activities or services, with the approval of the Prime Minister.

- (2) When an application is filed for the approval referred to in the preceding paragraph, the Prime Minister may only choose not to grant the approval if it is found that the business activities or services to which the application pertains could prevent the Applicant from performing Bank Agency Services appropriately and reliably.
- (3) A Bank Agent may not perform business activities or services other than those it performs pursuant to the provisions of paragraph (1).
- (4) If a written application for an Article 52-36, paragraph (1) license states that the Applicant will perform business activities or services other than Bank Agency Services and services incidental to them, and the Applicant obtains that license, the Applicant is deemed to have obtained the approval referred to in paragraph (1) for those business activities or services.

(Separate Management)

Article 52-43 When a Bank Agent receives money or other property from a customer in connection with an activity set forth in one of the items of Article 2, paragraph (14) (hereinafter referred to as an "activity as a bank agent" in this Chapter), it must 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) Before engaging in activities as a bank agent, a Bank Agent must disclose the following information to the customer:

- (i) the trade name of the Principal Bank;
 - (ii) whether the Bank Agent acts as an agent or as an intermediary, for the conclusion of the contracts set forth in the items of Article 2, paragraph (14); and
 - (iii) the particulars specified by Cabinet Office Ordinance.
- (2) In order to contribute to Depositor, etc. protection with regard to the activity set forth in Article 2, paragraph (14), item (i) (other than acting as agent or intermediary as regards a specified deposit, etc. contract), a Bank Agent must provide information about the details of contracts involving deposits or Installment Savings, etc. and other information that should serve as a reference to the Depositors, etc., pursuant to the provisions of Cabinet Office Ordinance.
 - (3) Beyond what is provided for in the preceding two paragraphs, Article 52-45-2, and other Acts, a Bank Agent must explain the material details of its activities as a bank agent to customers, appropriately handle customer information acquired in connection with its activities as a bank agent, and take any other measures for ensuring the sound and appropriate management of its business operations, pursuant to the provisions of Cabinet Office Ordinance.

(Prohibited Conduct as Concerns Bank Agency Services)

- Article 52-45 A Bank Agent must not engage in any of the following conduct (other than what is specified in item (v), in acting as agent or intermediary as regards a specified deposit, etc. contract) as concerns its Bank Agency Services:
- (i) conveying false information to a customer;
 - (ii) providing a customer with a conclusive assessment with regard to a matter that is uncertain or with information that could mislead the customer into believing that an uncertain matter is actually certain;
 - (iii) acting as agent or intermediary as regards the conclusion of a contract detailing the lending of funds or the discounting of bills and notes to a customer on the condition that the customer effect a transaction connected with the services performed by the Bank Agent, or that the customer effect a transaction connected with the services performed by the Subsidiary Company of the Bank Agent or a person closely related to the Bank Agent as specified by Cabinet Office Ordinance (referred to as a "closely related party" in the following item) (other than conduct specified by Cabinet Office Ordinance as being unlikely to result in insufficient customer protection);
 - (iv) acting as agent or intermediary as regards the conclusion of a contract detailing the lending of funds or the discounting of bills and notes to a closely related party with terms and conditions that are more favorable than the ordinary terms and conditions applied to transactions with the Principal Bank, with the knowledge that those terms and conditions put the Principal Bank at a disadvantage, in light of the ordinary terms and conditions for transactions by the Principal Bank (other than conduct specified by Cabinet Office Ordinance as unlikely to impair the sound and appropriate performance of the services of the Principal Bank)
 - (v) conduct beyond what is set forth in the preceding items, which is specified by Cabinet Office Ordinance resulting in insufficient customer protection or being unlikely to impair the sound and appropriate performance of the services of the Principal Bank

(Application Mutatis Mutandis of the 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 Services for Persons Engaged in Type I Financial Instruments Business or Investment Management Business; Scope of Concurrent Business by Persons Only Engaged in Type II Financial Instruments Business or Investment Advisory and Agency Business; Duty of Sincerity to Customers; Posting of Signs; Prohibition on Name Lending;

Prohibition on Corporate Bond Management); Article 37, paragraph (1), item (ii) (Regulation of Advertising); Article 37-2 (Obligation to Clarify the Conditions of Transactions in Advance); Article 37-3, paragraph (1), items (ii) and (vi) and paragraph (3) (Delivery of Documents Prior to the Conclusion of a Contract); Article 37-5 (Delivery of Documents in Connection with the Receipt of a Security Deposit); Article 37-6, paragraphs (1) and (2); the proviso to Article 37-6, paragraph (4) and Article 37-6, paragraph (5) (Written Cancellation); Article 37-7 (Obligation to Conclude a Contract with a Designated Dispute Resolution Organization); Article 38, items (i) and (ii); Article 38-2 (Prohibited Acts); the proviso to Article 39, paragraph (3) and paragraph (5) (Prohibition on Compensation of Loss); Articles 40-2 to 40-5 inclusive (Best Execution Policy; Prohibition of Purchase and Sale, etc. If Separate Management Is Not Ensured; Restrictions on the Purchase and Sale, etc. of Securities for Professional Investors; Obligation to Notify in Connection with Securities for Professional Investors)) (General Rules) apply mutatis mutandis to a Bank Agent's actions as agent or intermediary for the conclusion of a specified deposit, etc. contract. In this case, the term "Financial Instruments Business" in these provisions is deemed to be replaced with "actions as an agent or intermediary as regards the conclusion of a specified deposit, etc. contract as defined in Article 13-4 of the Banking Act"; the phrase "act that constitutes a Financial Instruments transaction" in these provisions is deemed to be replaced with "conclusion of specified deposit, etc. contract as defined in Article 13-4 of the Banking Act"; the term "Financial Instruments Transaction Contract" in the aforementioned provisions (excluding Article 37-6, paragraph (3)) is deemed to be replaced with "specified deposit, etc. contract as defined in Article 13-4 of the Banking Act"; the phrase "seeks to conclude" in Article 37-3, paragraph (1) of the Financial Instruments and Exchange Act is deemed to be replaced with "acts as agent or intermediary for the conclusion of"; the term "; provided" in that paragraph is deemed to be replaced with "and, in order to contribute to Depositor, etc. protection (meaning the protection of Depositors, etc. as defined in Article 2, paragraph (5) of the Banking Act; hereinafter the same applies in this paragraph), must provide the customer with information on the contents of the specified deposit, etc. contract and other information that should serve as a reference to the Depositors, etc. in advance, pursuant to the provisions of Cabinet Office Ordinance; provided"; the term "Financial Instruments Business Operator, etc." in Article 37-3, paragraph (1), item (i) of the Financial Instruments and Exchange Act is deemed to be replaced with "Principal Bank (meaning a Principal Bank as defined in Article 2, paragraph (16) of the Banking Act) on behalf of which the Bank Agent (meaning a Bank Agent as defined in Article 2, paragraph (15) of the Banking Act) is acting"; in Article 37-6, paragraph (3) of that Act, the

phrase "If a Financial Instruments Transaction Contract becomes subject to a cancelation" is deemed to be replaced with "If a Financial Instruments Business Operator pays damages or other monies to a Bank for the cancellation of a specified deposit, etc. contract (meaning a specified deposit, etc. contract as defined in Article 13-4 of the Banking Act; the same applies in Article 39)" and the phrase "may not request the customer to pay damages or a penalty for the cancellation of that Financial Instruments Transaction Contract beyond the amount specified by Cabinet Office Ordinance as the amount of fees, remuneration, or other consideration payable by the customer with regard to that Financial Instruments Transaction Contract (referred to as a "Consideration" in the following paragraph) for the period until the cancellation of that Financial Instruments Transaction Contract" is deemed to be replaced with "may not request the customer to pay damages or a penalty in connection with that payment"; in Article 39, paragraph (1), item (i) of that Act, the phrase "a purchase and sale or other transaction of Securities (excluding a purchase and sale with a repurchase requirement and a predetermined repurchase price, and other transactions specified by Cabinet Order) or a Derivatives Transaction (hereinafter collectively referred to as a "Purchase and Sale or Other Transaction of Securities, etc." in this Article)" is deemed to be replaced with "the conclusion of specified deposit, etc. contract", the phrase "Securities or Derivatives Transaction (hereinafter collectively referred to as 'Securities, etc.' in this Article)" is deemed to be replaced with "specified deposit, etc. contract", the phrase "customer (if a Trust Company, etc. (meaning a trust company or a financial institution that has obtained the authorization referred to in Article 1, paragraph (1) of the Act on Engagement in Trust Business by a Financial Institution; the same applies hereinafter) conducts the purchase and sale of Securities or a Derivatives Transaction on the account of a person that establishes a trust based on a trust contract, this includes the person that establishes the trust; hereinafter the same applies in this Article)" is deemed to be replaced with "customer", and the phrase "to supplement its profits" is deemed to be replaced with "to supplement its profits, other than as under the specified deposit, etc. contract"; in Article 39, paragraph (1), items (ii) and (iii) of that Act, the term "a Purchase and Sale or Other Transaction of Securities, etc." is deemed to be replaced with "the conclusion of a specified deposit, etc. contract" and the term "Securities, etc." is deemed to be replaced with "specified deposit, etc. contract"; in item (ii) of that paragraph, the phrase "in order to add to the profit that the customer has accrued in connection with those Securities, etc." is deemed to be replaced with "in order to add to the profit that the customer has accrued in connection with those Securities, etc., other than as under the specified deposit, etc. contract"; in item (iii) of that paragraph, the term "in order to add to the profit that the customer has

accrued in connection with those Securities, etc." is deemed to be replaced with "in order to add to the profit that the customer has accrued in connection with those Securities, etc., other than as under the specified deposit, etc. contract"; in paragraph (2) of that Article, the term "a Purchase and Sale or Other Transaction of Securities, etc." is deemed to be replaced with "the conclusion of a specified deposit, etc. contract"; in paragraph (2) of that Article, the phrase "which is specified by Cabinet Office Ordinance as a potential cause of" is deemed to be replaced with "which is a potential cause of"; and any other necessary technical replacement of terms is specified by Cabinet Order.

(Non-Business Days and Business Hours of a Specified Bank Agent)

Article 52-46 (1) A specified bank agent's non-business days (meaning the non-business days of a Bank Agent that performs specified activities as a bank agent (meaning that it acts as agent for the conclusion of contracts detailing the acceptance of deposits, as specified by Cabinet Office Ordinance; the same applies in the following Article); the same applies in the following paragraph and that Article) are limited to Sundays and the days specified by Cabinet Order.

(2) The business hours of a specified bank agent are specified by Cabinet Office Ordinance in consideration of circumstances such as the status of financial transactions.

(Temporary Suspension of Business)

Article 52-47 Except in the cases specified by Cabinet Office Ordinance, if a specified bank agent temporarily suspends the whole or part of business at its business office or other office where it performs services involved in its specified activities as a bank agent due to a natural disaster or for any other reason beyond its control, it must immediately file a notification with the Prime Minister indicating this and giving the reason for the same, as well as posting an indication of this at that business office or other office. The same applies once the specified bank agent resumes whole or part of its business at a business office or other office where it has temporarily suspended the whole or part of its business.

(Principal Bank's Discontinuance of Business)

Article 52-48 If a Bank Agent is notified as referred to in Article 38 by its Principal Bank, the Bank Agent, pursuant to the provisions of Cabinet Office Ordinance, must post the details of the notice so received in a place easily seen by the public at all of the business offices and other offices where it performs Bank Agency Services for that Principal Bank, for a period of not less than one month.

Section 3 Accounting

(Books and Documents on Bank Agency Services)

Article 52-49 A Bank Agent must prepare and keep on file books and documents on its Bank Agency Services pursuant to the provisions of Cabinet Office Ordinance.

(Reports on Bank Agency Services)

Article 52-50 (1) Each business year, a Bank Agent must prepare a report on its Bank Agency Services and submit it to the Prime Minister, pursuant to the provisions of Cabinet Office Ordinance.

(2) The Prime Minister, pursuant to the provisions of Cabinet Office Ordinance, must make a report on Bank Agency Services as referred to in the preceding paragraph available for public inspection, with the exception of particulars that could lead to a breach of customer confidence or put a Bank Agent at an undue disadvantage from a business execution perspective if made available.

(Making Explanatory Documents of the Principal Bank Available for Public Inspection)

Article 52-51 (1) For each business year of its Principal Bank or of the Bank Holding Company that has its Principal Bank as a Subsidiary Company, a Bank Agent must keep the documents that the Principal Bank prepares pursuant to the provisions of Article 20, paragraphs (1) and (2) and Article 21, paragraphs (1) and (2) or the documents that the Bank Holding Company that has its Principal Bank as a Subsidiary Company prepares pursuant to the provisions of Article 52-28, paragraph (1) and Article 52-29, paragraph (1) at all of the business offices and other offices where it performs Bank Agency Services for that Principal Bank, and make them available for public inspection.

(2) If the explanatory documents provided for in the preceding paragraph have been prepared in the form of electronic or magnetic records, the Bank Agent may employ what is specified by Cabinet Office Ordinance as a measure that uses electronic or magnetic means to put the information contained in the explanatory documents into a form that makes it possible for many and unspecified persons to be provided with it at all of its business offices or other offices. In doing so, the Bank Agent is deemed to be making the explanatory documents available for public inspection pursuant to the provisions of the preceding paragraph.

(3) Beyond what is provided for in the provisions of the preceding two paragraphs, the periods of time during which the documents referred to in those paragraphs

are made available for public inspection and other necessary particulars relevant to the application of the provisions of those paragraphs are specified by Cabinet Office Ordinance.

Section 4 Supervision

(Notification of Business Discontinuance)

Article 52-52 If a Bank Agent comes to fall under one of the conditions referred to in the following items, the person specified in that item must file a notification with the Prime Minister indicating this, within 30 days from the day on which this occurs.

- (i) it discontinues Bank Agency Services, has the whole of Bank Agency Services succeeded to in a company split, or transfers the whole of Bank Agency Services: the individual or corporation that discontinues the Bank Agency Services, has them succeeded to, or transfers them;
- (ii) the Bank Agent is an individual and that individual dies: the heir;
- (iii) the Bank Agent is a corporation and that corporation disappears in a merger: the person that was the representative officer of that corporation;
- (iv) the Bank Agent is a corporation and that corporation is dissolved due to an order to commence bankruptcy proceedings: the bankruptcy trustee;
- (v) the Bank Agent is a corporation and that corporation is dissolved for reasons other than a merger or an order to commence bankruptcy proceedings: the liquidator.

(Submission of Reports or Materials by a Bank Agent)

Article 52-53 If the Prime Minister finds it to be necessary for ensuring the sound and appropriate management of Bank Agency Services by a Bank Agent, the minister may request the Bank Agent to submit reports or materials in connection with its business or financial condition.

(On-Site Inspection of a Bank Agent)

Article 52-54 (1) If the Prime Minister finds it to be necessary for ensuring the sound and appropriate management of Bank Agency Services by a Bank Agent, the minister may have the relevant officials enter the business office, office, or other facility of the Bank Agent; have those officials ask questions about its business or financial condition; and have them inspect its books and documents and other articles.

- (2) In the case referred to in the preceding paragraph, the relevant officials must carry identification, and must present it if a concerned party so requests.
- (3) The authority under paragraph (1) must not be interpreted as having been accorded for the purpose of a criminal investigation.

(Business Improvement Orders)

Article 52-55 If the Prime Minister finds it to be necessary for ensuring the sound and appropriate operation of Bank Agency Services by a Bank Agent in light of the business or financial condition of that Bank Agent, the minister, within the scope of that necessity, may order the Bank Agent to change its business outline or business methods and issue other orders with respect to measures that are necessary from a supervisory perspective.

(Supervisory Measures for a Bank Agent)

Article 52-56 (1) If a Bank Agent falls under one of the following items, the Prime Minister may revoke its Article 52-36, paragraph (1) license or order it to suspend all or part of its Bank Agency Services by a set deadline:

- (i) it no longer meets a criterion set forth in one of the items of Article 52-38, paragraph (1);
- (ii) it is discovered to have obtained its Article 52-36, paragraph (1) license by wrongful means;
- (iii) it violates the conditions attached to its Article 52-36, paragraph (1) license;
- (iv) it violates a law or regulation or a disposition by the Prime Minister based on a law or regulation; or
- (v) it acts in a way that harms the public interest.

(2) If the officer of a Bank Agent comes to fall under one of items (iii) to (v) inclusive of the preceding paragraph, the Prime Minister may order the Bank Agent to dismiss that officer.

(Loss of License)

Article 52-57 If a Bank Agent falls under one of the following items, its Article 52-36, paragraph (1) license loses its validity:

- (i) it comes to fall under a category referred to in one of the items of Article 52-52;
- (ii) it no longer has a Principal Bank; or
- (iii) it fails to commence Bank Agency Services within six months of the day on which it becomes licensed to do so (unless it has failed to do so due to reasons beyond its control, and the approval of the Prime Minister is obtained in advance).

Section 5 Principal Banks

(Guidance for Bank Agents)

Article 52-58 (1) A Principal Bank, pursuant to the provisions of Cabinet Office

Ordinance, must take measures in connection with the Bank Agency Services that its Bank Agent performs, such as giving guidance about the services involved in those Bank Agency Services, in order to ensure sound and appropriate management.

- (2) A Principal Bank Agent (meaning a Bank Agent that further entrusts another Bank Agent with Bank Agency Services; the same applies hereinafter), pursuant to the provisions of Cabinet Office Ordinance, must take measures in connection with the Bank Agency Services that its Secondary Bank Agent (meaning a Bank Agent who carries out Bank Agency Services on re-entrustment from a Principal Bank Agent; the same applies hereinafter) performs, such as giving guidance about the services involved in those Bank Agency Services, in order to ensure sound and appropriate management.

(Compensatory Damage Liability of a Principal Bank)

Article 52-59 (1) A Principal Bank is liable to compensate for any damage that its Bank Agent causes a customer in its activities as a bank agent.

- (2) The provisions of the preceding paragraph do not apply:

- (i) in respect of activities as a bank agent that the Bank Agent performs under entrustment by the Principal Bank, if the Principal Bank exercises reasonable care in entrusting it with those activities and endeavors to prevent the occurrence of the damage that the Bank Agent causes to the customer in connection with the activities as a bank agent it performs; or
- (ii) in respect of activities as a bank agent that the Secondary Bank Agent performs, if the Principal Bank exercises reasonable care in authorizing further entrustment of those activities to the Secondary Bank Agent and endeavors to prevent the occurrence of the damage that the Secondary Bank Agent causes to the customer in connection with the activities as a bank agent it performs.

- (3) A Principal Bank Agent is liable to compensate for any damage that its Secondary Bank Agent causes a customer in its activities as a bank agent; provided, however, that this does not apply if the Principal Bank Agent exercises reasonable care in further entrusting the Secondary Bank Agent with those activities and endeavors to prevent the occurrence of the damage that the Secondary Bank Agent causes to the customer in connection with the activities as a bank agent it performs.

- (4) The provisions of paragraph (1) do not preclude the Principal Bank from exercising its right to reimbursement against the Bank Agent, and the provisions of the preceding paragraph do not preclude the Principal Bank Agent from exercising its right to reimbursement against 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 apply to a claim as referred to in paragraph (1) or paragraph (3).

(Bank Agent Register)

Article 52-60 (1) A Principal Bank, pursuant to the provisions of Cabinet Office Ordinance, must keep a register of its Bank Agents at its business offices (other than the unmanned business offices and other offices specified by Cabinet Office Ordinance).

(2) When necessary, a depositor, etc. or other interested party may file a request with the Principal Bank to inspect the register referred to in the preceding paragraph.

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 a person engaged in financial services which is specified by Cabinet Order; hereinafter the same applies in this Article) may perform Bank Agency Services.

(2) If a Bank, etc. performs Bank Agency Services pursuant to the preceding paragraph, the Bank, etc. is deemed to be a Bank Agent and 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; Article 53, paragraph (4); Article 56 (limited to the part that involves item (xi)); Article 57-7, paragraph (2); and the provisions of Chapter IX that are connected with these provisions apply. In this case, in Article 52-56, paragraph (1), the phrase "one of the following items" is deemed to be replaced with "item (iv) or (v)", the phrase "revoke its Article 52-36, paragraph (1) license or order it to suspend all or part of its Bank Agency Services by a set deadline" is deemed to be replaced with "order it to suspend all or part of its Bank Agency Services by a set deadline", and any other necessary technical replacement of terms is specified by Cabinet Order.

(3) A Bank, etc. must file documents stating the particulars set forth in the items of Article 52-37, paragraph (1) and the documents set forth in Article 52-37, paragraph (2), item (ii) with the Prime Minister if it seeks to engage in Bank Agency Services.

Chapter VII-5 Designated Dispute Resolution Organizations

Section 1 General Rules

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

Article 52-62 (1) At the application of a person satisfying the following requirements, the Prime Minister may designate that person as a person that carries out Dispute Resolution, etc.:

- (i) it is a corporation (this includes an association or foundation without legal personality whose representative or administrator has been designated, and excludes a corporation incorporated under the laws and regulations of a foreign state or other foreign organization; the same applies in item (iv), sub-item (d));
- (ii) it does not fall under the category of a person that has had a designation under this paragraph revoked pursuant to Article 52-84, paragraph (1) and not yet had five years pass since the date of the revocation, nor does it fall under the category of a person that has had a designation under the provisions of other Acts which is specified by Cabinet Order as involving operations equivalent to Dispute Resolution, etc. revoked, and not yet had five years pass since the date of the revocation;
- (iii) it does not fall under the category of a person that has been sentenced to a fine (or an equivalent sentence under foreign laws and regulations) for violating the provisions of this Act or the Attorney Act (Act No. 205 of 1949) or for violating the provisions of a foreign law or regulation that is equivalent to one of these Acts, and not yet had five years pass since the day on which it finished serving the sentence or ceased to be subject to its enforcement;
- (iv) it has no officer that falls under one of the following categories of persons:
 - (a) an adult ward or a person under curatorship, or a person that is treated in the same manner under foreign laws and regulations;
 - (b) a bankrupt that has not been discharged, or a person that is treated in the same manner under foreign laws and regulations;
 - (c) a person that has been sentenced to imprisonment or a heavier punishment (or an equivalent sentence under foreign laws and regulations), if five years have not yet passed since the day on which the person finished serving the sentence or ceased to be subject to its enforcement;
 - (d) a person that, within one month prior to the date of revocation, was the officer (including a person treated in the same manner under foreign laws and regulations; the same applies in this sub-item (d)) of a corporation, in a case in which a designation under this paragraph has been revoked pursuant to the provisions of Article 52-84, paragraph (1) or an administrative disposition which is similar to such a designation and which a corporation has received in a foreign state pursuant to the provisions a foreign law or regulation that is equivalent to this Act, has been revoked, and five years have not yet passed since the date of revocation; or a person that, within one month prior to the date of

revocation, was the officer of a corporation, in a case in which a designation under the provisions of other Acts, which is specified by Cabinet Order as being for operations equivalent to Dispute Resolution, etc., has been revoked, or an administrative disposition which is similar to that designation, which is specified by Cabinet Order, and which a corporation has been issued in a foreign state pursuant to the provisions of a foreign law or regulation that is equivalent to one of those other Acts, has been revoked, and five years have not yet passed since the date of the revocation; or

- (e) a person that has been sentenced to a fine (or an equivalent sentence under foreign laws and regulations) for violating the provisions of this Act or the Attorney Act or for violating the provisions of a foreign law or regulation that is equivalent to one of these Acts, if five years have not yet passed since the day on which the person finished serving the sentence or ceased to be subject to its enforcement;
 - (v) it has a sufficient financial and technical basis to implement Dispute Resolution, etc. in a sound manner;
 - (vi) the composition of its officers or employees is unlikely to compromise the fair implementation of Dispute Resolution, etc.;
 - (vii) its rules for implementing Dispute Resolution, etc. (hereinafter referred to as the "Operational Rules") conform to laws and regulations and are found to be sufficient for allowing it to implement Dispute Resolution, etc. fairly and appropriately, pursuant to the provisions of this Act; and
 - (viii) the result of the hearing of opinions held pursuant to the following paragraph is that the proportion of the number of Banks that have stated an objection to the particulars of the cancellation of the Basic Contract for the Implementation of Dispute Resolution Procedures, other contents of the Basic Contract for the Implementation of Dispute Resolution Procedures (excluding the matters set forth in the items of Article 52-67, paragraph (2)), and other contents of the Operational Rules (other than the matters that are to constitute the content of those rules pursuant to paragraph (3) of that Article and the particulars that are necessary for conforming to the criteria set forth in the items of paragraph (4) of that Article and paragraph (5), item (i) of that Article) (limited to objections for which there are reasonable grounds) to the total number of Banks is less than the proportion specified by Cabinet Order.
- (2) A person seeking to file an application as referred to in the preceding paragraph must first explain the contents of its Operational Rules to the Banks, hear opinions as to whether there are any objections to these (if there are objections, this includes the grounds for them), and prepare a document stating the results of this, pursuant to the provisions of Cabinet Office

Ordinance.

- (3) Before seeking to make a designation under paragraph (1), the Prime Minister must consult with the Minister of Justice about the relevant person's satisfaction of the requirements set forth in items (v) to (vii) inclusive of that paragraph (this is limited to the part related to the operation of Dispute Resolution Procedures; with regard to the requirement set forth in item (vii), this is limited to that which involves the criteria set forth in the items of Article 52-67, paragraph (4) and the items of paragraph (5) of that Article).
- (4) Upon making a designation under paragraph (1), the Prime Minister must issue public notice in the official gazette 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 of the day on which the Prime Minister made the designation, in the official gazette.

(Application for Designation)

Article 52-63 (1) A person seeking designation under paragraph (1) of the preceding Article must submit a written application for designation to the Prime Minister, in which it states the following particulars:

- (i) its trade name or name;
 - (ii) the name and location of its principal business office or office or any other business office or office where it would carry out Dispute Resolution, etc.;
 - and
 - (iii) the names and trade names of its officers.
- (2) The following documents must accompany the written application for designation referred to in the preceding paragraph:
- (i) a document pledging 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 corporations certificate of registered information (including anything equivalent to these);
 - (iii) the Operational Rules;
 - (iv) documents stating matters relevant to its organization;
 - (v) documents, such as an inventory of assets or balance sheet, which are specified by Cabinet Office Ordinance and which make it clear that the relevant person has the necessary financial basis for conducting Dispute Resolution, etc.;
 - (vi) the documents provided for in paragraph (2) of the preceding Article, and the documents specified by Cabinet Office Ordinance as evidencing that the relevant person satisfies the requirements 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, if the articles of

incorporation, inventory of assets, or balance sheet has been prepared as an electronic or magnetic record, the electronic or magnetic record may accompany the application in lieu of the paper document.

(Duty of Confidentiality)

Article 52-64 (1) It is prohibited for a dispute resolution mediator (meaning a dispute resolution mediator appointed pursuant to Article 52-73, paragraph (2); the same applies in the following paragraph, paragraph (2) of the following Article, and Article 52-67, paragraphs (2) and (4)), the officer or employee of a Designated Dispute Resolution Organization, or a person that that has held one of these positions, to divulge or use for personal benefit any confidential information learned in 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, the dispute resolution mediator, officer, or employee of a Designated Dispute Resolution Organization is deemed to be an official engaged in public service pursuant to laws and regulations.

Section 2 Services

(Services of a Designated Dispute Resolution Organization)

Article 52-65 (1) A Designated Dispute Resolution Organization is to perform 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 dues, 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 contract 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 applies in this Chapter) that is a party to a dispute, with a customer of a member bank which is a party to a dispute (hereinafter, such a member bank or customer is simply referred to as a "Party" in this Chapter), or with a person other than a Party.

(Entrustment of the Operation of Complaint Processing Procedures or Dispute Resolution Procedures)

Article 52-66 A Designated Dispute Resolution Organization must not entrust a person other than another Designated Dispute Resolution Organization or a person that has obtained the designation under the provisions of another Act which is specified by Cabinet Order as being for services that are equivalent to Dispute Resolution, etc. (referred to as the "entrusted dispute resolution

organization" in Article 52-73, paragraphs (4) and (5)) with the operation of Complaint Processing Procedures or Dispute Resolution Procedures.

(Operational Rules)

Article 52-67 (1) A Designated Dispute Resolution Organization must establish Operational Rules in respect of the following matters:

- (i) matters relevant to the contents of the Basic Contract for the Implementation of Dispute Resolution Procedures;
- (ii) matters relevant to the conclusion of a Basic Contract for the Implementation of Dispute Resolution Procedures;
- (iii) matters relevant to the implementation of Dispute Resolution, etc.;
- (iv) matters relevant to the dues that a member bank incurs in respect of the cost required for Dispute Resolution, etc.;
- (v) if it collects fees from the Parties for implementing Dispute Resolution, etc., the particulars of those fees;
- (vi) matters relevant to coordination with other Designated Dispute Resolution Organizations, national organs, local governments, private business operators, or any other persons processing complaints or implementing dispute resolution;
- (vii) matters relevant to the processing of complaints about Dispute Resolution, etc.; and
- (viii) matters specified by Cabinet Office Ordinance as being necessary for the implementation of Dispute Resolution, etc., other than what is set forth in the preceding items.

(2) The Basic Contract for the Implementation of Dispute Resolution Procedures as referred to in item (i) of the preceding paragraph must have the following matters as its content:

- (i) that the Designated Dispute Resolution Organization commences Complaint Processing Procedures based on a request for the resolution of a complaint related to banking services by the customer of a member bank, and commences Dispute Resolution Procedures based on a request for Dispute Resolution Procedures by a Party;
- (ii) that when the Designated Dispute Resolution Organization or dispute resolution mediator commences Complaint Processing Procedures or when one of them commences Dispute Resolution Procedures based on a request by the customer of a member bank, the Designated Dispute Resolution Organization or dispute resolution mediator may demand that the member bank comply with these procedures, and that the member bank must not refuse such a request without just cause for doing so;
- (iii) that the Designated Dispute Resolution Organization or dispute resolution mediator may request a member bank to make reports or submit books and

- documents or any other articles in the course of Complaint Processing Procedures or Dispute Resolution Procedures, and that the member bank must not refuse such request without just cause for doing so;
- (iv) that the dispute resolution mediator may prepare the necessary settlement proposal for resolving a dispute related to banking services in Dispute Resolution Procedures, and recommend that the Parties accept it;
 - (v) that, if there is no prospect of reaching a settlement between the Parties by recommending that they accept a settlement proposal as referred to in the preceding item, and the dispute resolution mediator finds it to be reasonable in light of the nature of the case, the intentions of the Parties, the Parties' pursuance of procedures, or any other circumstances, the mediator may prepare the necessary Special Conciliation Proposal for resolving a dispute related to banking services and present it to the Parties, giving them the reason for this;
 - (vi) that, if Dispute Resolution Procedures are commenced for a claim in pending litigation, the member bank must report to the Designated Dispute Resolution Organization, indicating that litigation is pending, the grounds for the claim under litigation, and the progress of the litigation;
 - (vii) that, if litigation is filed in connection with a claim that is subject to Dispute Resolution Procedures, the member bank must report to the Designated Dispute Resolution Organization, indicating that litigation has been filed and the grounds for the claim under litigation;
 - (viii) that if, in addition to what is provided for in the preceding two items, a member bank is requested to reports on the progress of litigation involving a claim that is subject to Dispute Resolution Procedures or any other matter, it must report that matter to the Designated Dispute Resolution Organization;
 - (ix) that if the litigation referred to in item (vi) or (vii) comes to no longer be pending before the court, or if the judicial decision on the litigation has become final and binding, the member bank must report this to the Designated Dispute Resolution Organization, giving the details of the same;
 - (x) that a member bank must provide the necessary information or take other measures necessary for informing its customer of the implementation of Dispute Resolution, etc. by the Designated Dispute Resolution Organization; and
 - (xi) matters beyond what is set forth in the preceding items, which are specified by Cabinet Office Ordinance as being necessary for promoting the processing of complaints related to banking services or the resolution of the dispute related to banking services.
- (3) The Operational Rules with regard to the matters related to the conclusion of the Basic Contract for the Implementation of Dispute Resolution Procedures under paragraph (1), item (ii) must have as their contents that, if a Designated

Dispute Resolution Organization receives an offer to conclude a Basic Contract for the Implementation of Dispute Resolution Procedures from a Bank, unless the Bank's performance of the obligations involved in the Basic Contract for the Implementation of Dispute Resolution Procedures or any other obligations involved in the implementation of Dispute Resolution, etc. is expected to be unreliable, the Designated Dispute Resolution Organization must not refuse the offer.

- (4) The Operational Rules with regard to the matters set forth in paragraph (1), item (iii), must conform to the following criteria:
- (i) measures have been taken to ensure coordination between Complaint Processing Procedures and Dispute Resolution Procedures;
 - (ii) the Operational Rules establish a method for appointing a dispute resolution mediator and for excluding a dispute resolution mediator if that mediator has an interest in the Party to a dispute related to banking services or if there are other circumstances that could interfere with the fair implementation of Dispute Resolution Procedures;
 - (iii) if a Designated Dispute Resolution Organization has decided to carry out operations for Dispute Resolution Procedures in disputes related to banking services to which its substantial controller, etc. (meaning a person specified by Cabinet Office Ordinance as one that is related to the Designated Dispute Resolution Organization in such a way as to substantially control the business of the Designated Dispute Resolution Organization or to have a material influence on its business due to its holding of shares in the Designated Dispute Resolution Organization, its financing of the Designated Dispute Resolution Organization, or any other cause) or its Subsidiary Company, etc. (meaning a person specified by Cabinet Office Ordinance as one to which the Designated Dispute Resolution Organization is related in such a way as to substantially control its business due to the Designated Dispute Resolution Organization's shareholdings or any other cause) is a Party, measures have been taken to prevent the substantial controller, etc., Subsidiary Company, etc., or Designated Dispute Resolution Organization from exercising undue influence on the dispute resolution mediator;
 - (iv) the Operational Rules establish measures for receiving the advice of an attorney-at-law when the dispute resolution mediator is not an attorney-at-law (other than when the dispute resolution mediator is a judicial scrivener as prescribed in Article 3, paragraph (2) of the Judicial Scriveners Act (Act No. 197 of 1950), and the Dispute Resolution Procedures are carried out for a dispute set forth in Article 3, paragraph (1), item (vii) of that Act) and the implementation of Dispute Resolution Procedures necessitates expert knowledge with regard to the interpretation and application of laws and regulations;

- (v) the Operational Rules establish an appropriate means of giving notice upon the implementation of Dispute Resolution Procedures;
- (vi) the Operational Rules establish a standard operation process from the commencement to the termination of Dispute Resolution Procedures;
- (vii) the Operational Rules establish the requirements and formalities for the customer of a member bank to file a request for the resolution of a complaint related to banking services with the Designated Dispute Resolution Organization, and for the Party to a dispute related to banking services to file a request for Dispute Resolution Procedures with the Designated Dispute Resolution Organization;
- (viii) the Operational Rules establish procedures for the Designated Dispute Resolution Organization to promptly notify the customer of a member bank which is to be the other Party to a dispute related to banking services whenever it receives a request for Dispute Resolution Procedures from a member bank, as well as for confirming with the customer whether the customer is asking for Dispute Resolution Procedures to be implemented in response to this;
- (ix) the Operational Rules establish procedures for the Designated Dispute Resolution Organization to promptly notify the member bank which is to be the other Party to a dispute related to banking services whenever it receives a request for Dispute Resolution Procedures as referred to in item (vii) from the customer of the member bank;
- (x) the Operational Rules establish the way of retaining, returning, and otherwise handling books and documents and any other articles submitted in the course of Dispute Resolution Procedures;
- (xi) the Operational Rules establish a method of handling for properly maintaining confidentiality with regard to the confidential information of the Parties to a dispute related to banking services and of any third party, which is included in an opinion stated or in books and documents or any other article submitted or presented in the course of Dispute Resolution Procedures, in accordance with the nature of the confidential information. The same applies to any confidential information included in the dispute resolution procedure record referred to in Article 52-73, paragraph (9);
- (xii) the Operational Rules establish the requirements and formalities for the Parties to a dispute related to banking services to terminate the Dispute Resolution Procedures;
- (xiii) the Operational Rules stipulate that if the dispute resolution mediator judges there to be no prospect of reaching a settlement between the Parties to the dispute related to banking services through Dispute Resolution Procedures, the mediator will promptly terminate the Dispute Resolution Procedures and notify the Parties to the dispute related to banking services

- of the same; and
- (xiv) the Operational Rules establish measures for the dispute resolution mediator and the officers and employees of the Designated Dispute Resolution Organization to reliably maintain the confidentiality of any confidential information learned in the course of Dispute Resolution, etc.
- (5) The Operational Rules with regard to the matters set forth in paragraph (1), items (iv) and (v) must conform to the following criteria:
- (i) the Operational Rules establish the amount of the dues provided for in paragraph (1), item (iv), the amount of the fees provided for in item (v) of that paragraph, or the way of calculating them, as well as the method of payment for these (collectively referred to as the "amount of dues, etc." in the following item) are provided; and
- (ii) the amount of dues, etc. is not such as to be extremely unreasonable.
- (6) The term "Special Conciliation Proposal" as used in paragraph (2), item (v) means a settlement proposal that a member bank must accept except in one of the following cases:
- (i) the customer of the member bank that is a Party (hereinafter simply referred to as the "Customer" in this paragraph) does not accept the settlement proposal;
- (ii) at the time the settlement proposal is presented, litigation has not been filed in connection with a claim subject to the Dispute Resolution Procedures, but by one month after the day on which the member bank learns of the Customer having accepted the settlement proposal, litigation has been filed in connection with such a claim and has not been withdrawn;
- (iii) at the time the settlement proposal is presented, litigation has been filed in connection with a claim subject to Dispute Resolution Procedure, and by one month after the day on which the member bank learns of the Customer having accepted the settlement proposal, that litigation has not been withdrawn; or
- (iv) by one month after the day on which the member bank learns of the Customer having accepted the settlement proposal an arbitration agreement as defined in Article 2, paragraph (1) of the Arbitration Act (Act No. 138 of 2003) is entered into or a settlement or conciliation is reached between the Parties in the dispute related to banking services for which the Dispute Resolution Procedures were implemented, without recourse to the settlement proposal.
- (7) Changes to the Operational Rules do not become effective without the authorization of the Prime Minister.
- (8) Before seeking to grant the authorization under the preceding paragraph, the Prime Minister must consult with the Minister of Justice about whether the Operational Rules that would be subject to that 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).

(Disclosure of the Fact That the Basic Contract for the Implementation of Dispute Resolution Procedures Has Been Breached)

Article 52-68 (1) If the obligations that a member bank bears pursuant to a Basic Contract for the Implementation of Dispute Resolution Procedures are breached, and the Designated Dispute Resolution Organization hears the opinion of the member bank and finds there to be no legitimate reason for the breach, it must disclose the trade name or name of the member bank and the fact that the breach has occurred without delay, as well as reporting to the Prime Minister.

(2) A Designated Dispute Resolution Organization must endeavor to provide information, consultation, and other support to member banks and to other persons, in order to preemptively prevent complaints related to banking services and disputes related to banking services, and to facilitate the processing of complaints related to banking services and the resolution of disputes related to banking services.

(Prohibition on the Employment of the Member of an Organized Crime Group)

Article 52-69 A Designated Dispute Resolution Organization must not allow the member, etc. of an organized crime group (meaning a member of an organized crime group as defined in Article 2, item (vi) of the Act to Prevent Illegal Activities by Members of Organized Crime Groups (hereinafter referred to as the "Member of an Organized Crime Group" in this Article) or a person that has not yet had five years pass since the day on which that person ceased to be the Member of an Organized Crime Group) to engage in Dispute Resolution, etc., nor may it employ such a person as an assistant in Dispute Resolution, etc.

(Prohibition on Differential Treatment)

Article 52-70 A Designated Dispute Resolution Organization must not subject any particular member bank to unfairly differential treatment.

(Keeping Records on File)

Article 52-71 A Designated Dispute Resolution Organization must prepare and keep on file records concerning its Dispute Resolution, etc. other than those under the provisions of Article 52-73, paragraph (9), pursuant to the provisions of Cabinet Office Ordinance.

(Complaint Processing Procedures by a Designated Dispute Resolution Organization)

Article 52-72 If the customer of a member bank files a request for the resolution of a complaint related to banking services, in addition to complying with any request for a consultation about this, providing the customer with the necessary advice, and investigating the circumstances to which the complaint related to banking services pertains, the Designated Dispute Resolution Organization must notify the relevant member bank of the substance and content of the complaint related to banking services, and demand that it process the complaint expeditiously.

(Dispute Resolution Procedures by a Designated Dispute Resolution Organization)

Article 52-73 (1) The Party to a dispute related to banking services may file a request for Dispute Resolution Procedures with the Designated Dispute Resolution Organization with which the member bank has concluded a Basic Contract for the Implementation of Dispute Resolution Procedures, for the purpose of resolving the dispute related to the banking services of the member bank.

(2) When a Designated Dispute Resolution Organization receives a request as referred to in the preceding paragraph, it is to appoint dispute resolution mediators.

(3) Dispute resolution mediators are to be appointed from among persons of the highest moral character and insight that fall under one of the following items (excluding any person with an interest in a Party to which the request referred to in paragraph (1) pertains). In this, at least one of the dispute resolution mediators must be a person that falls under item (i) or (iii) (or in item (i), (iii), or (iv), if the request pertains to a dispute as provided in Article 3, paragraph (1), item (vii) of the Judicial Scrivener Act):

(i) an attorney-at-law who has been practicing for five years or more in total;

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

(iii) a person provided for by Cabinet Office Ordinance as having specialized knowledge of and experience in consulting on complaints that arise between consumers and enterprises with regard to consumer affairs or on any other consumer affairs matter;

(iv) a judicial scrivener as prescribed in Article 3, paragraph (2) of the Judicial Scriveners Act, that has engaged in summary court legal representation services, etc. as defined in that paragraph for five years or more in total, if the request pertains to a dispute as prescribed in Article 3, paragraph (1), item (viii) of that Act; or

(v) a person specified by Cabinet Office Ordinance as being equivalent to a person set forth in one of the preceding items.

- (4) A Designated Dispute Resolution Organization is to send a request as referred to in paragraph (1) into Dispute Resolution Procedures implemented by dispute resolution mediators appointed pursuant to paragraph (2) (hereinafter simply referred to as the "dispute resolution mediators" in this Article and paragraph (1) of the following Article); provided, however, that if the dispute resolution mediators find that it is not appropriate to implement the Dispute Resolution Procedures due to it being found that the customer of the member bank that is a Party under that request has sufficient ability to properly resolve the dispute related to banking services or due to any other grounds, or if the dispute resolution mediators find that a Party has filed the request referred to in paragraph (1) for unjust purposes and without due cause, they are not to implement the Dispute Resolution Procedures, and if the dispute resolution mediators find it to be appropriate to send the request into procedures equivalent to Dispute Resolution Procedures at an entrusted dispute resolution organization, the Designated Dispute Resolution Organization is to so entrust the operation of Dispute Resolution Procedures to an entrusted dispute resolution organization.
- (5) If the dispute resolution mediators decide not to implement Dispute Resolution Procedures pursuant to the proviso to the preceding paragraph, or if they decide to entrust the operation to an entrusted dispute resolution organization, the Designated Dispute Resolution Organization is to notify the person that filed the request referred to in paragraph (1), indicating that they have done so and giving the reason.
- (6) Dispute resolution mediators may hear the opinions of the Parties and witnesses, request them to submit written reports, or request the Parties to submit books and documents and other articles that should serve as a reference, prepare the settlement proposal that is needed to resolve the case and recommend that the Parties accept it, or implement a special conciliation (meaning presenting the Special Conciliation Proposal provided for in Article 52-67, paragraph (6)).
- (7) Dispute Resolution Procedures are not open to the public; provided, however, that the dispute resolution mediators may allow the attendance of a person that is considered to be appropriate, with the consent of the Parties.
- (8) Prior to the commencement of Dispute Resolution Procedures and pursuant to the provisions of Cabinet Office Ordinance, a Designated Dispute Resolution Organization must deliver a document that states the following particulars or provide an electronic or magnetic record in which these have been recorded to the customer of the member bank that is a Party to the dispute, and give an explanation of the same:
- (i) the particulars of 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) the particulars specified by Cabinet Office Ordinance.
- (9) A Designated Dispute Resolution Organization must prepare and keep on file a dispute resolution procedure record detailing the following matters with regard to the Dispute Resolution Procedures it implements, pursuant to the provisions of Cabinet Office Ordinance:
- (i) the date on which the Party to the dispute related to banking services filed the request for Dispute Resolution Procedures;
 - (ii) the names or trade names of the Parties to the dispute related to banking services and their agents;
 - (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 Dispute Resolution Procedures and the date thereof); and
 - (vi) particulars necessary for clarifying the contents of the implemented Dispute Resolution Procedures which are specified by Cabinet Office Ordinance, other than what is set forth in the preceding items.

(Interruption of Prescription)

- Article 52-74 (1) If the dispute resolution mediators terminate Dispute Resolution Procedures on the grounds that there is no prospect of reaching a settlement between the Parties to a dispute related to banking services through Dispute Resolution Procedures, and the Party to the dispute related to banking services which filed the request for Dispute Resolution Procedures files an action on a claim that was subject to the Dispute Resolution Procedures within one month from the day on which that Party receives notice of the termination, the action is deemed to have been filed at the time that the claim was filed for Dispute Resolution Procedures, in terms of the interruption of prescription.
- (2) The provisions of the preceding paragraph also apply if the discontinuation of Dispute Resolution, etc. by a Designated Dispute Resolution Organization is authorized pursuant to Article 52-83, paragraph (1) or the designation under Article 52-62, paragraph (1) is revoked pursuant to Article 52-84, paragraph (1) and there is a dispute related to banking services for which Dispute Resolution Procedures have been implemented as of the day of authorization or revocation, and the Party to the dispute related to banking services which has filed the request for Dispute Resolution Procedures files an action on a claim that was subject to those Dispute Resolution Procedures within one month from the day on which the Party receives the notice under Article 52-83, paragraph (3) or Article 52-84, paragraph (3), or within one month from the day on which the

Party comes to know of the authorization or revocation, whichever comes earlier.

(Suspension of Court Proceedings)

Article 52-75 (1) If litigation is pending with regard to a dispute related to banking services between the Parties to a dispute related to banking services, and if any of the following grounds exist and the Parties to the dispute related to banking services file a joint petition, the court in charge of the case may decide to suspend the court proceedings for a fixed period of no longer than four months:

- (i) Dispute Resolution Procedures have been implemented for the dispute related to banking services between the Parties to the dispute related to banking services; and
- (ii) the Parties to the dispute related to banking services reach an agreement to endeavor to resolve the dispute related to banking services through Dispute Resolution Procedures, other than as referred to in the preceding item.

(2) The court in charge of the case may revoke the decision referred to in the preceding paragraph at any time.

(3) No appeal may be entered against a decision dismissing the petition referred to in paragraph (1) or a decision revoking the decision referred to in paragraph (1).

(Public Inspection of the Registry of Member Banks)

Article 52-76 A Designated Dispute Resolution Organization must make the registry of the member banks available for public inspection.

(Restriction on the Use of Names)

Article 52-77 A person that is not a Designated Dispute Resolution Organization (other than a person that has been designated as under Article 156-39, paragraph (1) of the Financial Instruments and Exchange Act or any other person specified by Cabinet Order as being similar thereto) must not use a term in its name or trade name which could give rise to the misconception that it is a Designated Dispute Resolution Organization.

Section 3 Supervision

(Notification of a Change)

Article 52-78 (1) If a particular set forth in one of the items of Article 52-63, paragraph (1) changes, a Designated Dispute Resolution Organization must file a notification with the Prime Minister indicating this.

(2) If the Prime Minister receives a notification with respect to a change in the trade name or name of a Designated Dispute Resolution Organization or to the location of its principal business office or office, the minister must issue public notice of this in the official gazette.

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

Article 52-79 If a Designated Dispute Resolution Organization falls under one of the following items, it must file a notification with the Prime Minister indicating this, pursuant to the provisions of Cabinet Office Ordinance:

- (i) it concludes a Basic Contract for the Implementation of Dispute Resolution Procedures with a Bank, or it terminates such a Basic Contract for the Implementation of Dispute Resolution Procedures; or
- (ii) cases other than this, as specified by Cabinet Office Ordinance.

(Submission of Business Reports)

Article 52-80 (1) Each business year, a Designated Dispute Resolution Organization must prepare a report on Dispute Resolution, etc. in the relevant business year and submit it to the Prime Minister.

(2) The particulars for inclusion in the report referred to the preceding paragraph, the submission date, and other necessary particulars are specified by Cabinet Office Ordinance.

(Collection of Reports and On-Site Inspection)

Article 52-81 (1) If the Prime Minister finds it to be necessary for the fair and appropriate performance of the Dispute Resolution, etc., the minister may order a Designated Dispute Resolution Organization to make reports or submit materials in connection with its services, and may have the relevant officials enter the business office, office, or other facility of the Designated Dispute Resolution Organization; have those officials ask questions about the business condition of the Designated Dispute Resolution Organization; and have them inspect its books and documents and other articles.

(2) If the Prime Minister finds it to be particularly necessary for the fair and appropriate performance of Dispute Resolution, etc., the minister, within the scope of that necessity, may order the member bank of a Designated Dispute Resolution Organization or a person that such a Designated Dispute Resolution Organization has entrusted with its operations to make reports or submit materials that should serve as a reference in connection with the operations of the Designated Dispute Resolution Organization; and may have the relevant officials enter the business office, office, or other facility of these persons; have those officials ask questions about the business conditions of the Designated

Dispute Resolution Organization; and have them inspect the books and documents and other articles of these persons.

- (3) An official that conducts an on-site inspection pursuant to the provisions of the preceding two paragraphs must carry identification, and must present it if a concerned party so requests.
- (4) The authority for an on-site inspection under paragraph (1) or (2) must not be interpreted as having been accorded for the purpose of a criminal investigation.

(Business Improvement Orders)

Article 52-82 (1) If the Prime Minister finds it to be necessary for ensuring the fair and appropriate performance of Dispute Resolution, etc. as concerns a Designated Dispute Resolution Organization's operation of Dispute Resolution, etc., the minister, within the scope of that necessity, may order the Designated Dispute Resolution Organization to take measures that are necessary for improving its operations.

- (2) If a Designated Dispute Resolution Organization falls under one of the following items, the Prime Minister must consult with the Minister of Justice before seeking to issue the order under the preceding paragraph:
 - (i) it comes to no longer satisfy the requirements set forth in Article 52-62, paragraph (1), items (v) to (vii) inclusive (this is limited to the part related to the operation of Dispute Resolution Procedures; with regard to the requirement set forth in item (vii) of that paragraph, this is limited to that which involves the criteria set forth in the items of Article 52-67, paragraph (4) and the items of paragraph (5) of that Article; hereinafter the same applies in this item) or it is found to be likely that it will come to no longer satisfy the requirements set forth in Article 52-62, paragraph (1), items (v) to (vii) inclusive; or
 - (ii) it violates the provisions of Article 52-65, Article 52-66, Article 52-69, or Article 52-73 (but only if the violation is related to the operation of Dispute Resolution Procedures).

(Suspension or Discontinuation of Dispute Resolution, etc.)

Article 52-83 (1) A Designated Dispute Resolution Organization must obtain the authorization of the Prime Minister if it seeks to suspend (excluding suspension on the grounds prescribed in the following paragraph) or discontinue the whole or part of its Dispute Resolution, etc..

- (2) If a Designated Dispute Resolution Organization suspends the whole or a part of Dispute Resolution, etc. due to a natural disaster or for any other reason beyond its control, it must immediately file a notification with the Prime Minister indicating this and giving the reason for the same. The same applies if the Designated Dispute Resolution Organization recommences the whole or

part of the Dispute Resolution, etc. so suspended.

- (3) A Designated Dispute Resolution Organization that obtains the authorization for suspension or discontinuation under paragraph (1) or that implements the suspension referred to in the preceding paragraph must notify a Party for which Complaint Processing Procedures or Dispute Resolution Procedures have been implemented as of the day of the suspension or discontinuation (if the Designated Dispute Resolution Organization has been entrusted with operations by another Designated Dispute Resolution Organization or a person that has received a designation under the provisions of other Acts which is specified by Cabinet Order as being connected with operations equivalent to Dispute Resolution, etc. (hereinafter collectively referred to as the "entrusting dispute resolution organization" in this paragraph), this includes procedures for processing complaints for the entrusting dispute resolution organization in connection with that entrustment and procedures for resolving disputes; the same applies in paragraph (3) of the following Article), the member banks that are not Parties, and other Designated Dispute Resolution Organizations, of the suspension or discontinuation, within two weeks after the day of the suspension or discontinuation. The same applies if the Designated Dispute Resolution Organization recommences the whole or a part of Dispute Resolution, etc. so suspended.

(Revocation of a Designation)

- Article 52-84 (1) If a Designated Dispute Resolution Organization falls under one of the following items, the Prime Minister may revoke the designation under Article 52-62, paragraph (1) or order the suspension of all or a part of its operations activities during a fixed period of no longer than six months:
- (i) it comes to no longer satisfy the requirements set forth in Article 52-62, paragraph (1), items (ii) to (vii) inclusive, or it is discovered not to have fallen under one of the items of that paragraph at the time it obtained its designation;
 - (ii) it has obtained the designation under Article 52-62, paragraph (1) by wrongful means; or
 - (iii) it violates a law or regulation or a disposition based on a law or regulation.
- (2) If a Designated Dispute Resolution Organization falls under one of the following items, the Prime Minister must consult with the Minister of Justice before seeking to reach a disposition or issue an order under the preceding paragraph:
- (i) it comes to no longer satisfy the requirements set forth in Article 52-62, paragraph (1), items (v) to (vii) inclusive (this is limited to the part related to the operation of Dispute Resolution Procedures; with regard to the

- requirement set forth in item (vii) of that paragraph, this is limited to that which involves the criteria set forth in the items of Article 52-67, paragraph (4) and the items of paragraph (5) of that Article; hereinafter the same applies in this item), or it is discovered not to have satisfied the requirements set forth in Article 52-62, paragraph (1), items (v) to (vii) inclusive at the time it obtained the designation under Article 52-62, paragraph (1); or
- (ii) it violates the provisions of Article 52-65, Article 52-66, Article 52-69, or Article 52-73 (but only if the violation is related to the operation of Dispute Resolution Procedures).
- (3) A person that becomes subject to a disposition revoking the designation under Article 52-62, paragraph (1) or an order for the suspension of all or part of its operations pursuant to the provisions of paragraph (1) must notify Parties for which Complaint Processing Procedures or Dispute Resolution Procedures have been implemented as of the day of that disposition or order, member banks other than such Parties, and other Designated Dispute Resolution Organizations, that it has become subject to the disposition or order, within two weeks after the day of the disposition or order.

Chapter VIII Miscellaneous Provisions

(Matters Subject to Notification)

Article 53 (1) If a Bank falls under one of the following items, it must file a notification with the Prime Minister indicating this, pursuant to the provisions of Cabinet Office Ordinance:

- (i) it commences its operations;
- (ii) it seeks to make a company as set forth in Article 16-2, paragraph (1), item (xi) or (xii) its Subsidiary Company (excluding a company that the Bank must obtain authorization for in order to make it a Subsidiary Company, pursuant to Article 16-2, paragraph (4)) (unless it seeks to do so by effecting a merger or company split or making a business acquisition, with the authorization 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) its Subsidiary Company ceases to be its Subsidiary Company (other than due to a company split or business transfer implemented with the authorization under Article 30, paragraph (2) or (3)), or its Subsidiary Company which constitutes a Bank, etc. Eligible to Be a Subsidiary Company as set forth in Article 16-2, paragraph (4) ceases to constitute a Bank, etc. Eligible to Be a Subsidiary Company;
- (iv) it seeks to increase its stated capital;

- (v) it does something for which it has obtained authorization under the provisions of this Act;
 - (vi) it seeks to establish a representative office in a foreign state;
 - (vii) more than five percent of all shareholders' voting rights in it are acquired or come to be held by a single shareholder; or,
 - (viii) it falls under a case specified by Cabinet Office Ordinance (or Cabinet Office Ordinance and Ordinance of the Ministry of Finance, in a case that concerns the system for disposal of failed financial institutions and financial risk management).
- (2) If a Bank's Major Shareholder (or a person that was formerly a Bank's Major Shareholder) falls under one of the following items, it must file a notification with the Prime Minister indicating this, pursuant to the provisions of Cabinet Office Ordinance:
- (i) it becomes a Bank's Major Shareholder to which the authorization referred to in Article 52-9, paragraph (1) pertains, or is incorporated as the Bank's Major Shareholder to which that authorization pertains;
 - (ii) it becomes the holder of more than fifty percent of all shareholders' voting rights in the Bank;
 - (iii) it ceases to be the holder of a number of voting rights in the Bank which is equal to or greater than the Major Shareholder Threshold (other than in the case referred to in item (v));
 - (iv) it ceases to be the holder of more than fifty percent of all shareholders' voting rights in the Bank (other than in the case referred to in the preceding item or the following item);
 - (v) it is dissolved (or a judicial decision nullifying its incorporation, share transfer, merger (limited to a merger resulting in the incorporation of a company or other corporation that is the holder of a number of voting rights in the Bank which is equal to or greater than the Major Shareholder Threshold), or incorporation-type split involving it becomes final and binding);
 - (vi) more than fifty percent of all shareholders' voting rights in it are acquired or come to be held by a single shareholder; or;
 - (vii) it falls under a case specified by Cabinet Office Ordinance.
- (3) If a Bank Holding Company (or a company that was formerly a Bank Holding Company) falls under one of the following items, it must file a notification with the Prime Minister indicating this, pursuant to the provisions of Cabinet Office Ordinance:
- (i) it becomes a Bank Holding Company to which the authorization referred to in Article 52-17, paragraph (1) pertains, or it is incorporated as a Bank Holding Company to which such authorization pertains;
 - (ii) it ceases to be a Holding Company that has a Bank as its Subsidiary

- Company (other than in the case referred to in item (v));
- (iii) it seeks to make a company as set forth in Article 52-23, paragraph (1), item (x) or (xi) its Subsidiary Company (excluding a company that a Bank Holding Company must obtain authorization in order to make it a Subsidiary Company, pursuant to Article 52-23, paragraph (3)) (unless it seeks to do so by effecting a merger or company split or making a business acquisition, with the authorization under Article 52-35, paragraphs (1) to (3) inclusive of this Act);
 - (iv) its Subsidiary Company ceases to be its Subsidiary Company (other than due to a company split or business transfer implemented with the authorization under Article 52-35, paragraph (2) or (3) and other than in the case referred to in item (ii)); its Subsidiary Company that constitutes a Bank, etc. Eligible to Be a Subsidiary Company as prescribed in Article 52-23, paragraph (3) ceases to constitute a Bank, etc. Eligible to Be a Subsidiary Company; or its Specified Bank Holding Company Subsidiary which that constitutes a Company Eligible to Be a Special Subsidiary Company ceases to constitute a Company Eligible to Be a Special Subsidiary Company;
 - (v) it is dissolved (or a judicial decision nullifying its incorporation, share transfer, merger (limited to a merger resulting in the incorporation of a Holding Company that has a Bank as its Subsidiary Company), or incorporation-type split involving it becomes final and binding);
 - (vi) it seeks to change the stated capital;
 - (vii) it does something for which it has obtained authorization (other than the authorization referred to in item (i)) under the provisions of this Act;
 - (viii) more than five percent of all shareholders' voting rights in it are acquired or come to be held by a single shareholder; or,
 - (ix) it falls under a case specified by Cabinet Office Ordinance.
- (4) When a Bank Agent commences Bank Agency Services or if it falls under a case specified by Cabinet Office Ordinance, it must file a notification with the Prime Minister indicating this, pursuant to the provisions of Cabinet Office Ordinance.
- (5) The provisions of Article 2, paragraph (11) apply mutatis mutandis to voting rights in a Bank, a Bank's Major Shareholder, or Bank Holding Company which are acquired or held by a single shareholder as prescribed in paragraph (1), item (vii); paragraph (2), item (vi); or paragraph (3), item (iii).

(Conditions on Authorization)

- Article 54 (1) The Prime Minister may attach conditions to an authorization or approval under the provisions of this Act (referred to as "Authorization, etc." in the following paragraph) or change such conditions.
- (2) The conditions referred to in the preceding paragraph must constitute the

minimum necessary conditions, in light of the purpose of the Authorization, etc., for ensuring the reliable implementation of the thing that the Authorization, etc. is for.

(Loss of Authorization)

Article 55 (1) If a Bank, Bank's Major Shareholder (or a person that has obtained the authorization for incorporation referred to in Article 52-9, paragraph (1)), or Bank Holding Company (or a person that has obtained the authorization referred to in Article 52-17, paragraph (1)) does not do something for which it has obtained authorization under the provisions of this Act within six months after the day on which it obtains the authorization, the authorization loses its validity; provided, however, that this does not apply if it fails to do so for reasons beyond its control and the approval of the Prime Minister has been obtained in advance.

(2) Beyond 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 a "Major Shareholder's Authorization" in this paragraph) loses its validity if the Bank's Major Shareholder to which that Major Shareholder's Authorization pertains ceases to be the holder of a number of voting rights in the Bank which is equal to or greater than the Major Shareholder Threshold, or if it obtains the authorization referred to in Article 52-17, paragraph (1); the proviso to Article 52-17, paragraph (3); Article 52-23, paragraph (3); or the proviso to Article 52-23, paragraph (4), to make the Bank to which the Major Shareholder's Authorization pertains its Subsidiary Company.

(3) Beyond 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) loses its validity if the Bank Holding Company to which the authorization pertains ceases to be a Holding Company that has a Bank as its Subsidiary Company.

(Public Notice by the Prime Minister)

Article 56 In the following cases, the Prime Minister must issue public notice in the official gazette indicating that such is the case:

- (i) the Prime Minister orders the suspension of all or part of Bank services pursuant to Article 26, paragraph (1) or Article 27;
- (ii) the Prime Minister revokes an Article 4, paragraph (1) license pursuant to Article 27 or Article 28;
- (iii) a Bank falls under the provisions of Article 41, item (iv) and its Article 4, paragraph (1) license loses its validity;
- (iv) a Foreign Bank's Article 4, paragraph (1) license loses its effect pursuant to Article 50;

- (v) the Prime Minister revokes the authorization referred to in Article 52-9, paragraph (1) or the proviso to Article 52-9, paragraph (2) pursuant to Article 52-15, paragraph (1);
- (vi) the Prime Minister revokes the authorization referred to in Article 52-17, paragraph (1) or the proviso to Article 52-17, paragraph (3) pursuant to Article 52-34, paragraph (1);
- (vii) the Prime Minister orders the suspension of all or part of the services of a Bank that is the Subsidiary Company of a Bank Holding Company, pursuant to Article 52-34, paragraph (1);
- (viii) the Prime Minister orders the suspension of all or part of Bank services pursuant to Article 52-34, paragraph (4);
- (ix) the authorization referred to in Article 52-9, paragraph (1); the proviso to Article 52-9, paragraph (2); Article 52-17, paragraph (1); or the proviso to Article 52-17, paragraph (3) loses its validity pursuant to the preceding Article;
- (x) the Prime Minister revokes an Article 52-36, paragraph (1) license pursuant to Article 52-56, paragraph (1);
- (xi) the Prime Minister orders a Bank Agent to suspend all or part of its Bank Agency Services pursuant to Article 52-56, paragraph (1);
- (xii) an Article 52-36, paragraph (1) license loses its validity pursuant to Article 52-57; or
- (xiii) the Prime Minister revokes the designation under Article 52-62, paragraph (1) pursuant to Article 52-84, paragraph (1).

(Banks' Means of Issuing Public Notice)

Article 57 A Bank or Bank Holding Company must establish one of the following means as its means of issuing public notice in its articles of incorporation:

- (i) publication in a daily newspaper that publishes information about current events; or
- (ii) electronic public notice.

(Period for Issuing Public Notice in the Form of an Electronic Public Notice)

Article 57-2 (1) If a Bank or Bank Holding Company issues public notice in the form of an electronic public notice pursuant to the provisions of this Act or any other Act (other than a public notice under the provisions of the Companies Act), it must continue to issue that public notice in the form of an electronic public notice until the date specified in the relevant of the following items for the category of public notice set forth in that item:

- (i) public notice that an objection may be stated within the period specified therein: the day on which that period expires;
- (ii) the public notice under the first sentence of Article 16, paragraph (1): the

- day on which the Bank resumes all or part of its services at the business office where it has temporarily suspended all or part of its services.
- (iii) the public notice under the second sentence of Article 16, paragraph (1): the day on which one month has passed since the day on which the Bank resumed all or part of its services at the business office where it had temporarily suspended all or part of its business;
 - (iv) the public notice under the provisions of Article 20, paragraph (4) or Article 52-28, paragraph (3): the day on which five years have passed since the day it began to issue that public notice in the form of an electronic public notice;
 - (v) a public notice other than one set forth in the preceding items: the day on which one month has passed since the day it began to issue that public notice in the form of an electronic public notice.
- (2) The provisions of Article 940, paragraph (3) (Public Notice Period, etc. of Electronic Public Notice) of the Companies Act apply mutatis mutandis if a Bank or Bank Holding Company issues public notice pursuant to the provisions of this Act or any other Act (other than a public notice under the provisions of the Companies Act) in the form of an electronic public notice. The necessary technical replacement of terms for such a case is 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 phrase "the provisions of Article 440, paragraph (1)" in that Article is deemed to be replaced with "the provisions of Article 440, paragraph (1) of this Act; as well as the provisions of Article 16, paragraph (1) of the Banking Act and of Article 20, paragraph (4) and Article 52-28, paragraph (3) of that Act".

- (Registration)
Article 57-4 A Bank or Bank Holding Company must register the following details:
- (i) if it decides to employ a measure under Article 20, paragraph (6), the details specified by Cabinet Office Ordinance with respect to the information contained in the Interim Balance Sheet, etc., Interim Consolidated Balance Sheet, etc., and Consolidated Balance Sheet, etc. provided for in the Article 20, paragraph (6), which are necessary for allowing the relevant persons to be provided with that information; and
 - (ii) if it decides to employ a measure under Article 52-28, paragraph (5), the details specified by Cabinet Office Ordinance with respect to the information contained in the Interim Consolidated Balance Sheet, etc. and Consolidated Balance Sheet, etc., which are necessary for allowing many and unspecified

persons to be provided with that information.

(Consultation with the Minister of Finance)

Article 57-5 If the Prime Minister finds that maintenance of an orderly credit system could be materially affected by the issuance of one of the following dispositions against a Bank, the minister must consult with the Minister of Finance about the measures that are necessary for maintaining an orderly financial system, before issuing such a disposition:

- (i) an order to suspend all or part of Bank services under the provisions of Article 26, paragraph (1); Article 27; or Article 52-34, paragraph (1) or (4); or
- (ii) the revocation of an Article 4, paragraph (1) license pursuant to the provisions of Article 27 or Article 28.

(Notifying the Minister of Finance)

Article 57-6 Whenever the Prime Minister issues one of the following dispositions, the minister is to promptly notify the Minister of Finance of this. The same applies whenever the Prime Minister receives a notification under the provisions of Article 53, paragraph (1) (limited to one under Article 53, paragraph (1), item (viii) that is specified by Cabinet Office Ordinance or Ordinance of the Ministry of Finance):

- (i) the granting of an Article 4, paragraph (1) license;
- (ii) the granting of authorization under the provisions of Article 16-2, paragraph (4) (but only for the relevant person to make a Bank that falls under the category of a failed financial institution as provided in Article 2, paragraph (4) of the Deposit Insurance Act (Act No. 34 of 1971) its Subsidiary Company); Article 30, paragraphs (1) to (3) inclusive; Article 37, paragraph (1); Article 52-9, paragraph (1); the proviso to Article 52-9, paragraph (2); Article 52-17, paragraph (1); the proviso to Article 52-17, paragraph (3); or Article 52-35, paragraph (1) to (3) inclusive;
- (iii) 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) (or a request to submit an improvement plan);
- (iv) the revocation of an Article 4, paragraph (1) license pursuant to the provisions of Article 27 or Article 28; or
- (v) the revocation of the authorization referred to in Article 52-9, paragraph (1) or in the proviso to Article 52-9, paragraph (2) pursuant to the provisions of Article 52-15, paragraph (1); or the revocation of the authorization referred to in Article 52-17, paragraph (1) or in the proviso to Article 52-17, paragraph (3) pursuant to the provisions of Article 52-34, paragraph (1).

(Submission of Materials to the Minister of Finance)

Article 57-7 (1) If the Minister of Finance finds it to be necessary so that planning or policymaking can be done on a Bank-based system that is linked with the system for handling failed financial institutions and financial risk management under the minister's jurisdiction, the minister may request the Prime Minister to provide the necessary materials and explanations.

(2) If the Minister of Finance finds it to be particularly necessary so that planning or policymaking can be done on a Bank-based system that is linked with the system for handling failed financial institutions and financial risk management under the minister's jurisdiction, the minister, within the scope of that necessity, may request a Bank, Bank's Major Shareholder, Bank Holding Company, Bank Agent, or other relevant person to provide materials or explanations or any other cooperation.

(Delegation to Cabinet Office Ordinance)

Article 58 Beyond what is provided for in this Act, the application process involved in the licenses, permissions, authorizations, approvals, and designations under this Act, the process for submitting documents in connection with these, and particulars that need to be set forth in order for this Act to be implemented, are specified by Cabinet Office Ordinance.

(Delegation of Authority)

Article 59 (1) The Prime Minister delegates the authority under this Act (other than what is specified by Cabinet Order) to the Commissioner of the Financial Services Agency.

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

(Transitional Measures)

Article 60 If an order based on this Act is enacted, revised, or abolished, the necessary transitional measures (including transitional measures for 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 that falls under any of the following items is subject to punishment by imprisonment with required labor for not more than three years,

a fine of not more than three million yen, or both:

- (i) a person that engages in Banking without being licensed, in violation of the provisions of Article 4, paragraph (1);
- (ii) a person that obtains an Article 4, paragraph (1) license by wrongful means;
- (iii) a person that violates the provisions of Article 9 in allowing another person to engage in Banking;
- (iv) a person that violates 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 that violates the provisions of Article 52-36, paragraph (1) in performing Bank Agency Services without obtaining a license;
- (vi) a person that obtains an Article 52-36, paragraph (1) license by wrongful means; or
- (vii) a person that violates the provisions of Article 52-41 (including as applied mutatis mutandis pursuant to Article 52-2-10) in allowing another person engage in Bank Agency Services (or in allowing another person engage in Foreign Bank Agency Services, if applied mutatis mutandis pursuant to Article 52-2-10).

Article 61-2 If one of the following violations is committed, the person committing the violation is subject to punishment by imprisonment with required labor for not more than two years, a fine of not more than three million yen, or both:

- (i) a person becomes or incorporates a Holding Company that has a Bank as its Subsidiary Company through a transaction or action set forth in one of the items of Article 52-17, paragraph (1) without obtaining the authorization of the Prime Minister under that paragraph;
- (ii) a person violates the provisions Article 52-17, paragraph (3) in remaining a Holding Company that has a Bank as its Subsidiary Company after the Last Day of the Grace Period provided for in that paragraph; or
- (iii) a person remains a Holding Company that has a Bank as its Subsidiary Company in violation of an order under Article 52-17, paragraph (5), or remains a Holding Company that has a Bank as its Subsidiary Company even after the end of the period designated by the Prime Minister that is provided for in Article 52-34, paragraph (2), in violation of the provisions of that paragraph.

Article 62 A person that falls under one of the following items is subject to

punishment by imprisonment with required labor for not more than two years or a fine of not more than three million yen:

- (i) a person that violates a condition attached pursuant to the provisions of Article 4, paragraph (4) or Article 52-38, paragraph (2); or
- (ii) a person that violates an order to suspend all or part of its business activities 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 that falls under one of the following items is subject to punishment by imprisonment with required labor for not more than one year, a fine of not more than three million yen, or both:

- (i) a person that includes a false statement or record in a written application for designation under Article 52-63, paragraph (1) or in a document or electronic or magnetic record that must accompany it pursuant to paragraph (2) of that Article, and submits it;
- (ii) a person that violates the provisions of Article 52-69;
- (iii) a person that fails to submit a report under Article 52-80, paragraph (1) or submits a report that includes a false statement;
- (iv) a person that fails to give a report or submit a material under Article 52-81, paragraph (1) or (2); that makes a false report or submits a false material; that fails to answer or gives a false answer to a question from an official under one of those provisions; or that refuses, interferes with, or avoids an inspection under one of those provisions; or
- (v) a person that violates an order under Article 52-82, paragraph (1).

Article 63 A person that falls under one of the following items is subject to punishment by imprisonment with required labor for not more than one year or a fine of not more than three million yen:

- (i) a person that, in violation of the provisions of Article 19, Article 52-27, or Article 52-50, paragraph (1) (including as applied mutatis mutandis pursuant to Article 52-2-10), fails to submit a document prescribed in those provisions, or a person that submits such a document but fails to state a particular that is required to be stated in it or includes a false statement in it;
- (i)-2 a person that violates the provisions of Article 20, paragraph (4) or Article 52-28, paragraph (3) in failing to issue the public notice under those provisions; a person that violates the provisions of Article 20, paragraph (6) or Article 52-28, paragraph (5) in failing to employ what is specified by Cabinet Office Ordinance as a measure that uses electronic or magnetic means to put the information prescribed in those provisions into a form that makes it possible for many and unspecified persons to be provided with it; a

person that issues such a public notice but fails to state a particular that is required to be stated in a document with regard to which that public notice must be issued or includes a false statement in such a document; or a person that employs a measure that uses electronic or magnetic means to put the information recorded in an electronic or magnetic record into a form that makes it possible for many and unspecified persons to be provided with it but fails to record a statement that is required to be recorded in that electronic or magnetic record or records a false statement in it;

- (i)-3 a person that violates 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) in failing to make a document prescribed in those provisions available for public inspection; a person that violates the provisions of Article 21, paragraph (4) (including as applied mutatis mutandis pursuant to paragraph (5) of that Article; hereinafter the same applies in this item); Article 52-2-6, paragraph (2); Article 52-29, paragraph (3); or Article 52-51, paragraph (2) in failing to employ what is specified by Cabinet Office Ordinance as a measure that uses electronic or magnetic means to put the information recorded in the electronic or magnetic record prescribed in Article 21, paragraph (4); Article 52-2-6, paragraph (2); Article 52-29, paragraph (3); or Article 52-51, paragraph (2) into a form that makes it possible for many and unspecified persons to be provided with it; a person that, in violation of one of these provisions, makes such a document available for public inspection but fails to state a particular that is required to be stated in it or makes a false statement in it; or a person that, in violation of one of these provisions, employs a measure that uses electronic or magnetic means to put the information recorded in such an electronic or magnetic record into a form that makes it possible for many and unspecified persons to be provided with it but fails to record a particular that is required to be recorded in that electronic or magnetic record or records a false statement in it;
- (ii) a person that fails to submit a report or material under Article 24, paragraph (1) (including as applied mutatis mutandis pursuant to Article 43, paragraph (3)); Article 24, paragraph (2); Article 52-7; Article 52-11; or Article 52-31, paragraph (1) or (2), or that submits a false report or material;
- (iii) a person that fails to answer or gives a false answer to a question from an official under Article 25, paragraph (1) (including as 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 that refuses, interferes with, or avoids an inspection under one of those provisions;
- (iv) a person that violates an order under Article 43, paragraph (1) (including

- as applied mutatis mutandis pursuant to paragraph (2) of that Article);
- (v) a person that refuses, interferes with, or avoids an inspection under Article 45, paragraph (3) or violates an order under that Article;
 - (vi) a person that fails to answer or gives a false answer to a question from an official under Article 25, paragraph (1) as applied mutatis mutandis pursuant to Article 46, paragraph (3); or that refuses, interferes with, or avoids an inspection under that paragraph;
 - (vi)-2 a person that engages in Foreign Bank Agency Services without obtaining the authorization of the Prime Minister under Article 52-2, paragraph (1);
 - (vii) a person that violates an order (other than an order to dismiss a director, executive officer, accounting advisor, or auditor, or to suspend all or part of its business activities) under Article 52-34, paragraph (1);
 - (viii) a person that includes a false statement in an application under Article 52-37, paragraph (1) or in a document that is required to accompany it pursuant to the provisions of paragraph (2) of that Article, and submits it;
 - (ix) a person that engages in business activities or services other than Bank Agency Services and services incidental thereto without obtaining the approval under Article 52-42, paragraph (1); or
 - (x) a person that violates conditions (limited to those linked to the authorization under Article 52-17, paragraph (1) or the proviso to Article 52-17, paragraph (3)) that have been attached pursuant to the provisions of Article 54, paragraph (1).

Article 63-2 A person that falls under one of the following items is subject to punishment by imprisonment with required labor for not longer than one year, a fine of not more than one million yen, or both:

- (i) a person that violates the provisions of Article 13-3 (limited to the part that involves item (i)) or Article 52-45 (limited to the part that involves item (i), and including as applied mutatis mutandis pursuant to Article 52-2-10) for the benefit of a person other than a customer (including a Bank or a Bank Agent) or with the aim of doing harm to a customer;
- (ii) a person that divulges confidential information learned in the course duty or uses such information for a personal benefit, in violation of the provisions of Article 52-64, paragraph (1).

Article 63-2-2 A person that violates the provisions of Article 39, paragraph (2) of the Financial Instruments and Exchange Act as Applied Mutatis Mutandis is subject to punishment by imprisonment with required labor for not more than one year, a fine of not more than one million yen, or both.

Article 63-2-3 In a case as referred to in the preceding Article, the economic benefit received by the offender or a third party with knowledge of the circumstances is confiscated. If it is not possible to confiscate this in whole or part, its monetary value is collected.

Article 63-2-4 A person that falls under one of the following items is subject to punishment by imprisonment with required labor for not more than six months, a fine of not more than 500,000 yen, or both:

- (i) a person that fails to give a particular prescribed in Article 37, paragraph (1) (other than item (ii)) of the Financial Instruments and Exchange Act as Applied Mutatis Mutandis or that gives a false particular;
- (ii) a person that violates the provisions of Article 37, paragraph (2) of the Financial Instruments and Exchange Act as Applied Mutatis Mutandis;
- (iii) a person that violates the provisions of Article 37-3, paragraph (1) (other than items (ii) and (vi)) of the Financial Instruments and Exchange Act as Applied Mutatis Mutandis in failing to deliver a document or in delivering a document that fails to state the particulars prescribed in that paragraph or a document that includes a false statement; or a person that provides a person with something that insufficiently states those particulars using the means 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 provides a person with something that includes a false statement using those means; or
- (iv) a person that fails to deliver the document under Article 37-4, paragraph (1) of the Financial Instruments and Exchange Act as Applied Mutatis Mutandis or delivers a document that includes a false statement; or a person that provides a person with something that includes a false statement using the means 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 that fails to prepare or keep on file a record under the provisions of Article 52-71 or Article 52-73, paragraph (9) or that prepares a false record is subject to punishment by a fine of not more than one million yen.

Article 63-2-6 A person that suspends or discontinues all or part of Dispute Resolution, etc. without obtaining the authorization set forth in Article 52-83, paragraph (1) is subject to punishment by a fine of not more than 500,000 yen.

Article 63-3 A person that falls under one of the following items is subject to punishment by a fine of not more than 300,000 yen:

- (i) a person that, 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), fails to state or record the matters prescribed by Cabinet Office Ordinance concerning the electronic public notice investigations provided for in Article 955, paragraph (1) of that Act; that includes or records a false statement in the investigation record book, etc. (meaning the investigation record book, etc. provided for in that paragraph; hereinafter the same applies in this item); or that, in violation of the provisions of that paragraph, fails to keep on file the investigation record book, etc.;
- (ii) a person that fails to file a 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 that files a false notification;
- (iii) a person that violates the provisions of Article 52-40, paragraph (1) (including as applied mutatis mutandis pursuant to Article 52-2-10; the same applies in the following item);
- (iv) a person that posts the sign referred to in Article 52-40, paragraph (1) or a sign similar thereto, in violation of the provisions of Article 52-40, paragraph (2) (including as applied mutatis mutandis pursuant to Article 52-2-10);
- (v) a person that fails to give a report under Article 52-68, paragraph (1) or that gives a false report; or
- (vi) a person that fails to notify as under Article 52-83, paragraph (3) or Article 52-84, paragraph (3) or that falsely notifies.

Article 64 (1) If the representative of a corporation (including an organization that is not a corporation but whose representative or administrator has been designated; hereinafter the same applies in this paragraph) or the agent, employee, or other worker of a corporation or individual violates the provisions set forth in one of the following items in connection with the business or property of that corporation or individual, in addition to the offender being subject to punishment, the corporation is subject to punishment by the fine prescribed in the relevant item, and the individual is subject to punishment by the fine referred to in the relevant Article:

- (i) Article 61, item (iv) or Article 62: a fine of not more than 300 million yen;
- (ii) Article 62-2 (other than 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 (other than 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 referred to in the relevant Article.

(2) When an organization that is not a corporation is sentenced pursuant to the provisions of the preceding paragraph, its representative or administrator represents that organization with regard to the relevant procedural acts, and the provisions of Acts concerning criminal proceedings when a corporation is the accused or a suspect apply *mutatis mutandis*.

Article 65 In the following cases, the director, executive officer, or accounting advisor, the staff member that should be performing the duties of a person in such a position, or the auditor, manager, or liquidator of the Bank (or the company that was the relevant Bank, if the license of the Prime Minister which is referred to in Article 4, paragraph (1) has lost its validity as a result of the Bank falling under one of Article 41, items (i) to (iii) inclusive); the representative, agent, or manager of the Foreign Bank; the Major Holder of Voting Rights in the Bank (or the person that was the Major Holder of Voting Rights in the relevant Bank, if the Major Holder of Voting Rights in the Bank has become a person that is no longer the Major Holder of Voting Rights in the Bank; and if the Major Holder of Voting Rights in the Bank is a corporation, etc. (meaning a corporation or an organization without legal personality which is provided for in Article 3-2, paragraph (1), item (i); hereinafter the same applies in this Article), this means the director, executive officer, or accounting advisor, the staff member that should be performing the duties of a person in such a position, or the auditor, representative, administrator, manager, staff member executing business operations, or liquidator of that corporation, etc.); the Bank's Major Shareholder (or the person that was the relevant Bank's Major Shareholder, if the Bank's Major Shareholder has become a person that is no longer the Bank's Major Shareholder; and if the Bank's Major Shareholder is a corporation, etc., this means the director, executive officer, or accounting advisor, the staff member that should be performing the duties of a person in such a position, or the auditor, representative, administrator, manager, member executing business operations, or liquidator of that corporation, etc.); the Specified Major Shareholder (or the person that was the relevant Specified Major Shareholder, if the Specified Major Shareholder has come to no longer be the holder of a number of voting rights in the Bank which is equal to or greater than the Major Shareholder Threshold; and if the Specified Major Shareholder is a corporation, etc., this means the director, executive officer, or accounting advisor, the member that should be performing the duties of a person in such a position, or the auditor, representative, administrator, manager, member executing business operations, or liquidator of that corporation, etc.); the director, executive officer, or accounting advisor, the staff member that should be performing the duties of a person in such a

position, or the auditor, manager, or liquidator of the Bank Holding Company (or the company that was the relevant Bank Holding Company, if the Bank Holding Company has become a company that is no longer a Bank Holding Company); the director, executive officer, or accounting advisor, the staff member that should be performing the duties of a person in such a position, or the auditor, manager, member executing business operations, or liquidator of the Specified Holding Company (or the company that was the relevant Specified Holding Company, if the Specified Holding Company has become a company that is no longer a Holding Company which has a Bank as its Subsidiary Company); or the Bank Agent (if the Bank Agent is a corporation, this means the director, executive officer, auditor, board member, inspector, representative, member executing business operations, or liquidator of that Bank Agent); which constitutes the person that has committed the relevant act, is subject to punishment by a fine of not more than one million yen:

- (i) the person performs the action prescribed in Article 5, paragraph (3); Article 6, paragraph (3); Article 8, paragraph (2) or (3); or Article 47-2 without obtaining the authorization of the Prime Minister under the relevant of those provisions;
- (ii) the person violates the provisions of Article 7, paragraph (1) or Article 52-19, paragraph (1) in engaging in the day-to-day business operations of another company;
- (iii) the person violates the provisions of Article 12 or Article 52-21, paragraph (1) in doing other business;
- (iv) the person, 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, fails to file a notification, issue a public notice, or make a posting under those provisions; or the person files a false notification, issues a false public notice, or makes a false posting as under those provisions;
- (v) the person, in violation of the provisions of Article 16-2, paragraph (1), makes a company other than a Company Eligible to Be a Subsidiary Company as provided in that paragraph (other than a domestic company as provided in Article 16-3, paragraph (1)) its Subsidiary Company; or the person, in violation of the provisions of Article 52-23, paragraph (1), makes a company other than a Company Eligible to Be a Subsidiary Company as provided in that paragraph (other than a domestic company as provided in Article 52-24, paragraph (1)) its Subsidiary Company;
- (vi) the person makes a Bank, etc. Eligible to Be a Subsidiary Company as provided for in Article 16-2, paragraph (4) its Subsidiary Company without

- obtaining the authorization of the Prime Minister under that paragraph; or makes a company as set forth in one of the items of paragraph (1) of that Article into a Subsidiary Company that constitutes a company as set forth in one of the other items of that paragraph (limited to a Bank, etc. Eligible to Be a Subsidiary Company as prescribed in paragraph (4) of that Article), without obtaining the authorization of the Prime Minister under paragraph (4) of that Article as applied mutatis mutandis pursuant to paragraph (6) of that Article;
- (vii) the person violates 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) the person violates conditions that have been attached pursuant to the provisions of Article 16-3, paragraph (3) or (5) or Article 52-24, paragraph (3) or (5);
 - (ix) the person fails to record a capital reserve or a retained earnings reserve, in violation of the provisions of Article 18;
 - (x) the person fails 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); violates an order (other than an order to suspend all or a part of its business activities) under Article 26, paragraph (1); or violates 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) the person violates the provisions of Article 34, paragraph (5) in making a business transfer or acquisition (including as applied mutatis mutandis pursuant to Article 35, paragraph (3));
 - (xii) the person fails to submit a report or material under Article 48; Article 52, paragraph (2); or Article 52-2-8; or submits a false report or material;
 - (xii)-2 the person fails to seek the investigation referred to 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) the person fails to make a submission or file 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); makes a false submission, or files a false notification;
 - (xiv) the person becomes the holder of a number of voting rights in the Bank which is equal to or greater than the Major Shareholder Threshold through a transaction or action set forth in one of the items of Article 52-9, paragraph (1), or incorporates a company or other corporation that is the holder of a number of voting rights in the Bank which is equal to or greater than the

- Major Shareholder Threshold without obtaining the authorization of the Prime Minister under that paragraph;
- (xv) the person violates the provisions of Article 52-9, paragraph (2) in remaining the holder of a number of voting rights in the Bank which is equal to or greater than the Major Shareholder Threshold after the Last Day of the Grace Period provided for in that paragraph;
 - (xvi) the person remains the holder of a number of voting rights in the Bank which is equal to or greater than the Major Shareholder Threshold, in violation of an order under Article 52-9, paragraph (4); or remains the holder of a number of voting rights in the Bank which is equal to or greater than the Major Shareholder Threshold even after the period designated by the Prime Minister that is provided for in Article 52-15, paragraph (2), in violation of that paragraph;
 - (xvii) the person makes a Bank, etc. Eligible to Be a Subsidiary Company as prescribed in Article 52-23, paragraph (3) its Subsidiary Company without obtaining authorization of the Prime Minister under that paragraph; makes a company as set forth in one of the items of paragraph (1) of that Article a Subsidiary Company that constitutes a company as set forth in one of the other items of that paragraph (limited to a Bank, etc. Eligible to Be a Subsidiary Company prescribed in paragraph (3) of that Article) without obtaining the authorization of the Prime Minister under paragraph (3) of that Article as applied mutatis mutandis pursuant to paragraph (5) of that Article; or makes a Company Eligible to Be a Special Subsidiary Company a Specified Bank Holding Company Subsidiary that performs Subject Services of a Special Subsidiary Company other than the Subject Services of a Special Subsidiary Company to which the authorization referred to in Article 52-23-2, paragraph (3) pertains, without obtaining the authorization of the Prime Minister under that paragraph as applied mutatis mutandis pursuant to paragraph (6) of that Article;
 - (xviii) the person fails manage property as it is required to be managed pursuant to the provisions of Article 52-43 (including as applied mutatis mutandis pursuant to Article 52-2-10);
 - (xix) the person fails to prepare or keep on file the books and documents under Article 52-49 (including as applied mutatis mutandis pursuant to Article 52-2-10) or prepares false books and documents;
 - (xx) the person violates the conditions that have been attached pursuant to the provisions of Article 54, paragraph (1) (limited to those attached to the authorization under Article 8, paragraph (2) or (3); Article 16-2, paragraph (4) (including as 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); the

proviso to Article 52-9, paragraph (2); Article 52-23, paragraph (3) (including as applied mutatis mutandis pursuant to paragraph (5) of that Article); Article 52-23-2, paragraph (3) (including as applied mutatis mutandis pursuant to paragraph (6) of that Article); or Article 52-35, paragraphs (1) to (3) inclusive); or
(xxi) the person fails to register as under Article 57-4.

Article 66 A person falling under one of the following is subject to punishment by a fine of not more than one million yen:

- (i) a person that uses characters in its name or trade name which indicate it to be a Bank, in violation of the provisions of Article 6, paragraph (2);
- (ii) a person that fails to report or gives a false report, 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);
- (iii) a person that refuses a request set forth in one of 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), without just cause for doing so; or
- (iv) a person that violates the provisions of Article 52-76.

Article 67 A person that uses a term in its name or trade name which could give rise to the misconception that it is a Designated Dispute Resolution Organization, in violation of Article 52-77, is subject to punishment by a non-criminal fine of not more than 100,000 yen.

Supplementary Provisions

(Effective Date)

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

(Transitional Measures for Business Licenses)

Article 2 A person that has obtained the license of the competent minister as referred to in Article 2 of the pre-revision Banking Act (hereinafter referred to as the "Former Act") as of the time this Act comes into effect (this includes a

person that is deemed to have obtained the license of the competent minister as referred to in Article 2 of the Former Act pursuant to Article 39, paragraph (2) of the Former Act, a law other than the Former Act, or an order based on one of these, but excludes a person that has obtained the license of the competent minister as referred to in Article 2 of the Former Act pursuant to Article 32, paragraph (1) of the Former Act) is deemed to have obtained the license of the Minister of Finance as referred to in Article 4, paragraph (1) of the post-revision Banking Act (hereinafter referred to as the "New Act") at the time this Act comes into effect .

(Transitional Measures for Amounts of Capital)

Article 3 The provisions of Article 5, paragraph (1) of the New Act do not apply until the day on which five years have passed since the day on which this Act comes into effect (hereinafter referred to as the "Effective Date") with respect to a Bank that is deemed, pursuant to the preceding Article, to have obtained the license of the Minister of Finance as referred to in Article 4, paragraph (1) of the New Act (hereinafter referred to as a "Bank Licensed under the Former Act"), whose amount of capital at the time this Act comes into effect is less than the amount that is specified by Cabinet Order based on the provisions of Article 5, paragraph (1) of the New Act.

(Transitional Measures for Authorization of Overseas Subsidiaries)

Article 4 (1) If, at the time this Act comes into effect, a Bank Licensed under the Former Act holds shares 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 arrived at by multiplying the total number of issued shares or total amount of contribution in the foreign company by the rate specified by the Ordinance of the Ministry of Finance based on Article 9, paragraph (1) of the New Act, it must file a notification with the Minister of Finance indicating this, within three months after the Effective Date.

(2) If, at the time this Act comes into effect, the acquisition of shares or equity for which a Bank Licensed under the Former Act has received the permission set forth in item (i) or with regard to which it has filed the notification set forth in item (ii) falls under a category to which Article 9, paragraph (1) of the New Act is applicable, it must file a notification with the Minister of Finance indicating this, within three months after the Effective Date.

(i) permission 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) a notification under the provisions of Article 22, paragraph (1), item (iv) (Notification of Outward Direct Investment by a Resident) of the Foreign

Exchange and Foreign Trade Act (but only if the period during which the acquisition of the shares or the equity to which the notification pertains is prohibited pursuant to the provisions of Article 23, paragraph (1) of that Act has already expired without the Bank having received a recommendation from the Minister of Finance as provided in Article 23, paragraph (2) of that Act (Examination on Contents of Capital Transactions and Recommendation to Change Thereof), or if the Bank has received such a recommendation and notified the relevant person of its acceptance of the recommendation, pursuant to the provisions of Article 23, paragraph (4) of that Act).

- (3) A Bank Licensed under the Former Act that files a notification pursuant to the provisions of one of the preceding two paragraphs is deemed to have obtained the authorization referred to in Article 9, paragraph (1) of the New Act for to acquire the shares or equity to which the notification pertains.

Article 5 Deleted

(Transitional Measures for Credit Extended to a Single Person)

Article 6 (1) The provisions of the main clause of Article 13, paragraph (1) of the New Act do not apply for three months after the Effective Date to credit extended as prescribed in the main clause of Article 13, paragraph (1) of the New Act which, as of the time this Act comes into effect, has been extended by a Bank Licensed under the Former Act to a single person in an amount that exceeds the limit on extensions of credit as provided in the main clause of that paragraph.

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

(Transitional Measures for Credit Extended to Directors)

Article 7 The provisions of Article 14 of the New Act apply to the credit extended as prescribed in Article 14, paragraph (1) of the New Act for which the director of the Bank has obtained the approval of the board of directors under Article 265 of the Commercial Code as of the Effective Date, and the provisions then in force remain applicable to credit extended for which the director of the Bank has obtained the approval of the board of directors under Article 265 of the Commercial Code prior to the Effective Date.

(Transitional Measures for a Temporary Suspension of Business)

Article 8 The provisions of Article 16 of the New Act apply if a Bank temporarily suspends all or part of its services at its business office or agency on or after the Effective Date, and the provisions then in force remain applicable if a Bank Licensed under the Former Act or temporarily suspends business or suspends

the repayment of deposits before the Effective Date.

(Transitional Measures for Accounting)

Article 9 (1) The fiscal year of a Bank that starts from April 1981 may be made to run from that month until March 1982, in accordance with what is provided by the Minister of Finance.

(2) In applying the provisions of Article 8 of the Banking Act (Act No. 21 of 1927) when a Bank has a fiscal year starting from April 1981 that has been made to conform to the preceding paragraph, the phrase "every accounting period" in that Article is deemed to be replaced with "the accounting periods for the relevant fiscal year" and the phrase "must be set aside as retained earnings reserves" is deemed to be replaced with "and, if a distribution of money as referred to in Article 293-5, paragraph (1) of the Commercial Code is made, one fifth of the amount of the distributed money must be set aside as retained earnings reserves".

(3) The phrase "In applying the provisions of Article 8 of the Banking Act (Act No. 21 of 1927)" in the preceding paragraph is deemed to be replaced with "The provisions of Article 8 of the Former Act, which constitute the provisions previously in force that are to continue to govern pursuant to paragraph (1) of the following Article" on and after the Effective Date.

Article 10 (1) The provisions of Article 17 and Article 18 of the New Act apply to a fiscal year starting on or after April 1, 1982, and the reserves of retained earnings to be set aside therefor; and provisions previously in force continue to govern a 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 apply to a document provided for in one of these provisions which is connected with a fiscal year starting on or after April 1, 1982, and provisions previously in force continue to govern a document provided for in Articles 10 to 12-2 inclusive of the Former Act which is connected with a fiscal year starting before that date.

(Transitional Measures for the Revocation of a License)

Article 11 The provisions of Article 27 of the New Act apply to the suspension of Bank services, dismissal of a director or company auditor, or revocation of the license of the Prime Minister as referred to in Article 4, paragraph (1) of the New Act, in connection with an action that a Bank takes on or after the Effective Date; and provisions previously in force continue to govern the suspension of Bank services, dismissal of a director or company auditor, or revocation of the license of the competent minister in connection with an action that a Bank Licensed under the Former Act takes before the Effective Date.

(Transitional Measures for Authorizing the Transfer or Acquisition of a Commercial Operation)

Article 12 The provisions of Article 30, paragraph (3) or (4) of the New Act apply to the transfer or acquisition of a commercial operation or business acquisition approved by a resolution at a shareholders meeting or of board of directors that is passed on or after the Effective Date.

(Transitional Measures for Notices about Objections to a Merger)

Article 13 The provisions of Article 33 of the New Act apply to the notice provided for in that Article if a Bank passes a merger resolution as provided in that Article on or after the Effective Date, and provisions previously in force continue to govern the notice of a merger resolution passed before the Effective Date.

(Transitional Measures for Processes Accompanying the Transfer or Acquisition of a Commercial Operation)

Article 14 (1) The provisions of Article 34 and Article 35 of the New Act apply to a public notice, notice, or creditor's objection in respect of a resolution at a shareholders meeting or of board of directors that is passed on or after the Effective Date.

(2) The provisions of Article 36 of the New Act apply to the transfer of a commercial operation under a resolution at a shareholders meeting or of board of directors that is passed on or after the Effective Date.

(Transitional Measures for Public Notice of Business Discontinuance)

Article 15 The provisions of Article 38 of the New Act apply if the authorization under Article 37, paragraph (1) of the New Act is granted on or after the Effective Date, and provisions previously in force continue to govern if the authorization under Article 25 of the Former Act is granted before the Effective Date.

(Transitional Measures for Dissolution as a Result of the Revocation of a License)

Article 16 The revocation of the license of the competent minister in respect of a Bank Licensed under the Former Act, which takes place when provisions previously in force continue to govern pursuant to Article 11 of these Supplementary Provisions, is deemed to constitute a revocation under Article 27 or Article 28 of the New Act of the license of the Minister of Finance as referred to in Article 4, paragraph (1) of the New Act, and the provisions of Article 40; Article 42; and Article 56, item (ii) of the New Act apply.

(Transitional Measures for a Loss of License)

Article 17 The provisions of Article 41, item (iv) of the New Act apply to the license of the Prime Minister as referred to in Article 4, paragraph (1) of the New Act that a Bank obtains on or after the Effective Date, and provisions previously in force continue to govern the license of the competent minister referred to in Article 2 of the Former Act that a Bank Licensed under the Former Act obtains before the Effective Date.

(Transitional Measures for Conversion into a Company in a Different Business)

Article 18 The provisions of Article 43 of the New Act apply if a Bank falls under the provisions of Article 41, item (i) of the New Act on or after the Effective Date and thereby the license of the Prime Minister as referred to in Article 4, paragraph (1) of the New Act loses its validity and these provisions also apply if a company other than a Bank, etc. succeeds to the liabilities of any outstanding deposit or Installment Savings after the Effective Date due to a merger; and provisions previously in force continue to govern the competent minister's supervision of a company to which the provisions of Article 26 of the Former Act apply as of the day before the Effective Date.

(Transitional Measures for the Appointment, Dismissal, and Supervision of a Liquidator)

Article 19 The provisions of Article 44 and Article 45 of the New Act apply if a Bank is dissolved on or after the Effective Date, and provisions previously in force continue to govern the dismissal, appointment, and supervision of a liquidator as provided in Article 27, paragraph (2), Article 28, and Article 29 of the Former Act in respect of liquidation commencing before the Effective Date.

(Transitional Measures Involving the Prime Minister's Opinion in Liquidation Proceedings)

Article 20 The provisions of Article 46 of the New Act apply to liquidation proceedings, bankruptcy proceedings, composition proceedings, arrangement proceedings, or reorganization proceedings commencing on or after the Effective Date for a Bank (or for a company was a Bank before its dissolution); and provisions previously in force continue to govern a liquidation, bankruptcy, or compulsory composition as prescribed in Article 30 or Article 31 of the Former Act which commences before the Effective Date.

(Transitional Measures for Foreign Bank Branches' Business Licenses)

Article 21 (1) A person that has obtained the license of the competent minister as referred to in Article 2 of the Former Act pursuant to the provisions of

Article 32, paragraph (1) of the Former Act by the time this Act comes into effect is deemed to obtain the license of the Minister of Finance as referred to in Article 4, paragraph (1) of the New Act pursuant to Article 47, paragraph (1) of the New Act at the time this Act comes into effect.

(2) A person that is deemed to have obtained the license of the Minister of Finance as referred to in Article 4, paragraph (1) of the New Act pursuant to the preceding paragraph must file a notification with the Minister of Finance indicating the name of the representative of the Foreign Bank Branch under that license, within three months after the Effective Date.

(Transitional Measures for the Submission of Materials by a Foreign Bank Branch)

Article 22 The provisions of Article 48, paragraph (1) of the New Act apply to the submission of materials provided for in Article 48, paragraph (1) of the New Act which are connected with a fiscal year starting on or after April 1, 1982.

(Transitional Measures for Filing a Notification of the Establishment of the Representative Office of a Foreign Bank)

Article 23 A Foreign Bank that has established a facility as referred to in Article 52, paragraph (1) of the New Act by the time this Act comes into effect must file a notification with the Minister of Finance in respect of the contents of its business, the location of the facility, and the particulars specified by Ordinance of the Ministry of Finance as provided in that paragraph, within three months after the Effective Date. In such a case, that notification is deemed to be a notification filed pursuant to that paragraph.

(Transitional Measures for a Loss of Authorization)

Article 24 The provisions of Article 55 of the New Act apply to an authorization under the provisions of the New Act that a Bank obtains on or after the Effective Date; and provisions previously in force continue to govern an authorization under the provisions of the Former Act for which the corresponding provisions exist in the New Act, which a Bank Licensed under the Former Act obtains before the Effective Date.

(Effect of Dispositions or Procedures Based on the Provisions of the Former Act)

Article 25 Except as otherwise provided by these Supplementary Provisions, a disposition such as the granting of authorization or approval or a procedure such as the filing of an application which takes place before the Effective Date pursuant to the provisions of the Former Act or an order based on the Former Act for which corresponding provisions exist in the New Act or an order based

on the New Act is deemed to be a disposition such as the granting of authorization or approval or a procedure such as the filing of an application which has taken place pursuant to the corresponding provisions of the New Act or an order based on the New Act.

(Transitional Measures for Penal Provisions)

Article 26 The provisions previously in force continue to govern the application of penal provisions to conduct engaged in before this Act comes into effect and to conduct engaged in after this Act comes into effect in respect of things that, pursuant to these Supplementary Provisions, are to continue to be governed by provisions previously in force.

(Delegation to Cabinet Order)

Article 27 Beyond what is provided for in Article 2 to the preceding Article inclusive of these Supplementary Provisions, the necessary transitional measures connected with this Act coming into effect are specified by Cabinet Order.

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

This Act comes into effect as of the day on which the Act Partially Revising the Commercial Code and Other Acts comes into effect (October 1, 1982).

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

- (1) This Act (excluding Article 1) comes into effect as of July 1, 1984.
- (2) Transitional measures that come to be necessary as regards organizations, etc. established pursuant to law as of the day before the Effective Date of this Act, which are to continue to be in place after the Effective Date of this Act pursuant to the National Government Organization Act or pursuant to the provisions of Cabinet Order based on the provisions of a related Act revised by this Act (hereinafter referred to as a "Related Cabinet Order"), and transitional measures that come to be necessary for the establishment, revision, or abolition of Related Cabinet Orders in connection 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 comes into effect as of the date specified by Cabinet Order, within a period not exceeding six months after the day of its promulgation.

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

Article 40 A Bank that decides on a business outline and business methods pursuant to Article 5, paragraph (1) of the Supplementary Provisions of the Banking Act before its revision under the preceding Article and obtains the authorization of the Minister of Finance as of the time this Act comes into effect is deemed to have decided on the same business outline and business methods pursuant to Article 5, paragraph (1) of the Supplementary Provisions of the Banking Act after its revision under the preceding Article and obtained the authorization of the Minister of Finance at the time this Act comes into effect.

(Transitional Measures for Penal Provisions)

Article 42 The provisions previously in force continue to govern the application of penal provisions to conduct engaged in before the Effective Date and to conduct engaged in after the Effective Date in respect of things that, pursuant to these Supplementary Provisions, are to continue to be governed by provisions previously in force.

(Delegation of Other Transitional Measures to Cabinet Order)

Article 43 Beyond what is provided for in these Supplementary Provisions, transitional measures that are necessary as a result of this Act coming into effect are specified by Cabinet Order.

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

(Effective Date)

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

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

(Effective Date)

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

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

Article 2 (1) A single Bank, etc. (meaning a Bank, etc. as defined in Article 4, paragraph (5) of the Banking Act after its revision under Article 1 (hereinafter referred to as the "New Banking Act"); hereinafter the same applies in this

Article) that holds shares (limited to voting shares) or equity (hereinafter shares or equity are collectively referred to as "Shares, etc.") in a number or amount that exceeds fifty percent 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.") in a company falling under one of the categories set forth in Article 16-4, paragraph (1), item (ii) of the New Banking Act (including as applied mutatis mutandis pursuant to Article 17 of the Long-Term Credit Bank Act after its revision under 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 under Article 3 (hereinafter referred to as the "New Foreign Exchange Bank Act"); the same applies in the following paragraph) at the time this Act comes into effect, must file a notification with the Minister of Finance indicating this, within three months after the day this Act comes into effect (hereinafter referred to as the "Effective Date").

(2) If the acquisition of Shares, etc. for which a Bank, etc. has obtained the permission set forth in item (i) or filed the notification referred to in item (ii) by the time when this Act comes into effect (limited to an acquisition that has not been implemented as of the Effective Date) will constitute an acquisition of Shares, etc. exceeding fifty percent of the Issued Shares, etc. of a company as set forth in Article 16-4, paragraph (1), item (ii) of the New Banking Act, the Bank, etc. must file a notification with the Minister of Finance indicating this, within three months after the Effective Date.

(i) permission under the provisions of Article 21, paragraph (2) of the Foreign Exchange and Foreign Trade Act (Act No. 228 of 1949); and

(ii) a notification under the provisions of Article 22, paragraph (1), item (iv) of the Foreign Exchange and Foreign Trade Act (but only if the period during which the acquisition of the Shares, etc. to which the notification pertains is prohibited pursuant to the provisions of Article 23, paragraph (1) of that Act has already expired without the Bank, etc. having received a recommendation with regard to the notification from the Minister of Finance as provided in Article 23, paragraph (2) of that Act, or if the Bank, etc. has received such a recommendation and notified the relevant person of its acceptance of the recommendation, pursuant to 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 as applied mutatis mutandis pursuant to Article 17 of the New Long-Term Credit Bank Act and Article 11 of the New Foreign Exchange Bank Act) apply to the Shares, etc. acquired or held by a Bank, etc.

in a case referred to in the preceding two paragraphs.

- (4) A Bank, etc. that files a notification pursuant to the provisions of paragraph (1) or (2) is deemed to obtain the authorization referred to in Article 16-4, paragraph (1) of the New Banking Act (including as 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 applies in the following paragraph) on the Effective Date, to acquire or hold the Shares, etc. to which the notification pertains.
- (5) An authorization that is granted, conditions that are attached to that authorization, approval that is granted in connection with that authorization, or an application that is filed for that authorization, before the Effective Date, pursuant to the provisions of Article 9, paragraph (1) of the Banking Act before its revision under Article 1 (hereinafter referred to as the "Former Banking Act") (including as applied mutatis mutandis pursuant to Article 17 of the Long-Term Credit Bank Act before its revision under Article 2 (hereinafter referred to as the "Former Long-Term Credit Bank Act") or Article 11 of the Foreign Exchange Bank Act before its revision under Article 3 (hereinafter referred to as the "Former Foreign Exchange Bank Act"), or pursuant to Article 9, paragraph (2) of the Former Banking Act (including as 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)) is deemed to be an authorization that is granted, conditions that are attached to that authorization, approval that is granted in connection with that authorization, or an application that is filed for that authorization, pursuant to Article 16-4, paragraph (1) of the New Banking Act.

(Transitional Measures for the Application of Penal Provisions)

Article 32 The provisions previously in force continue to govern the application of penal provisions to conduct engaged in before this Act comes into effect and to conduct engaged in after this Act comes into effect in respect of things that, pursuant to these Supplementary Provisions, are to continue to be governed by provisions previously in force.

(Delegation of Other Transitional Measures to Cabinet Order)

Article 33 Beyond what is provided for in Article 2 to the preceding Article inclusive of these Supplementary Provisions, the necessary transitional measures connected with this Act coming into effect are specified by Cabinet Order.

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

This Act comes into effect as of the day on which the Act Partially Revising the Commercial Code and Other Acts comes into effect.

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

(Effective Date)

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

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

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

(2) A person that obtains the authorization of the Minister of Finance as referred to in the preceding paragraph is deemed to obtain the authorization referred to in Article 17-2, paragraph (1) of the New Banking Act (including as 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) at the time this Act comes into effect.

(3) The provisions of Article 26, paragraph (2) of the New Banking Act (including as 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 under Article 4 (hereinafter referred to as the "New Shinkin Bank Act"); Article 94 of the Labor Bank Act after its revision under 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 under Article 7 (hereinafter referred to as the "New Act on Financial Services by Cooperatives")) apply if an order under Article 26, paragraph (1) (including as 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 to submit an improvement plan) is issued on or after April 1, 1998.

(Transitional Measures for the Application of Penal Provisions)

Article 12 The provisions previously in force continue to govern the application of penal provisions to conduct engaged in before the relevant revised provisions of this Act come into effect and to conduct engaged in after the relevant revised provisions of this Act come into effect in respect of things that, pursuant to these Supplementary Provisions, are to continue to be governed by provisions previously in force.

(Delegation of Other Transitional Measures to Cabinet Order)

Article 13 Beyond what is provided for in Article 2 to the preceding Article inclusive of these Supplementary Provisions, the necessary transitional measures connected with this Act coming into effect are specified by Cabinet Order.

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

(Effective Date)

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

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

(Effective Date)

(1) This Act comes into effect as of the day on which the Act Partially Revising the Commercial Code and Other Acts (Act No. 71 of 1997) comes into effect.

(Transitional Measures)

(2) Previous provisions continue to govern a merger under a merger contract that is concluded before this Act comes into effect.

(Transitional Measures for the Application of Penal Provisions)

(3) The provisions previously in force continue to govern the application of penal provisions to conduct engaged in before this Act comes into effect and to conduct engaged in after this Act comes into effect in a case that, pursuant to the provisions of the preceding paragraph, is to be governed by the provisions previously in force.

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

(Effective Date)

Article 1 This Act comes into effect as of the day on which the Act Establishing the Financial Supervisory Agency (Act No. 101 of 1997) comes into effect.

(Transitional Measures for Dispositions Reached by the Minister of Finance)

Article 2 (1) A disposition, such as the granting of a license, permission, authorization, approval, or designation that is effected; or an action, such as the giving of notice, that is taken by the Minister of Finance or a national organ pursuant to the provisions of the Secured Corporate Bonds Trust Act; the Trust Business Act; the Norinchukin Bank Act; the Mutual Loan Business Act; the Act for Simplification of Bank Administration; 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 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 Facilitate the Introduction of Industry into Agricultural Regions; Agricultural and Fishing Cooperatives Savings Insurance Act; the Banking Act; the Act to Regulate the Moneylending Business; the Act to Regulate Securities Investment Advisory Services; the Act to Regulate Mortgage Securities Services; the Financial Futures Trading Act; the Act to Regulate Advanced Payment Certificates; the Act to Regulate Commodity Investment; the Act for Establishing Special Provisions in the Narcotics and Psychotropics Control Act and Other Acts in Order to Prevent Activities That Further Illicit Conduct Involving Controlled Substances, through International Cooperation; the Act to Regulate Business Undertakings Involving Specified Claims; the Act to Reorganize Acts That Are Related to the Reform of the Financial and Securities Exchange Systems; the Act on Preferred Equity Investment by Cooperatively Structured Financial Institutions; the Specified Joint Real Estate Ventures Act; the Insurance Business Act; the Act Establishing Special Measures for 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 Establishing

Special Measures for Bank Merger Proceedings That Are for Founding Bank Holding Companies before their revision by this Act (hereinafter referred to as the "Former Secured Corporate Bonds Trust Act, etc.") is deemed to be a disposition, such as the granting of a license, permission, authorization, approval, or designation that is effected; or an action, such as the giving of notice, that is taken by the Prime Minister or corresponding national organ pursuant to the corresponding provisions of the Secured Corporate Bonds Trust Act; the Trust Business Act; the Norinchukin Bank Act; the Mutual Loan Business Act; the Act for the Simplification of Bank Administration; 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 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 Facilitate the Introduction of Industry into Agricultural Regions; Agricultural and Fishing Cooperatives Savings Insurance Act; the Banking Act; the Act to Regulate the Moneylending Business; the Act to Regulate Securities Investment Advisory Services; the Act to Regulate Mortgage Securities Services; the Financial Futures Trading Act; the Act to Regulate Advanced Payment Certificates; the Act to Regulate Commodity Investment; the Act Establishing Special Provisions in the Narcotics and Psychotropics Control Act and Other Acts in Order to Prevent Activities That Further Illicit Conduct Involving Controlled Substances, through International Cooperation; the Act to Regulate Business Undertakings Involving Specified Claims; the Act to Reorganize Acts That Are Related to the Reform of the Financial and Securities Exchange Systems; the Act on Preferred Equity Investment by Cooperatively Structured Financial Institutions; the Specified Joint Real Estate Ventures Act; the Insurance Business Act; the Act Establishing Special Measures for 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 Establishing Special Measures for Bank Merger Proceedings That Are for Founding Bank Holding Companies and Other Matters after its revision by this Act

(hereinafter referred to as the "New Secured Corporate Bonds Trust Act, etc.").

(2) An action, such as the filing of an application or notification with the Minister of Finance or a national organ pursuant to the provisions of the Former Secured Corporate Bonds Trust Act, etc., which has been taken as of the time this Act comes into effect, is deemed to be an action such as the filing of an application or notification with the Prime Minister or corresponding national organ pursuant to the corresponding provisions of the New Secured Corporate Bonds Trust Act, etc.

(3) Any particular requiring that a procedure be followed, such as reporting, notification, or submission to the Minister of Finance or a national organ pursuant to the provisions of the Former Secured Corporate Bonds Trust Act, etc., for which such procedure has not been followed before the day on which this Act comes into effect, is deemed to be a particular requiring that a procedure be followed, such as reporting, notification, or submission to the Prime Minister or a corresponding national organ pursuant to the corresponding provisions of the New Secured Corporate Bonds Trust Act, etc., for which such procedure has not been followed, and the relevant provisions of the New Secured Corporate Bonds Trust Act, etc. apply.

(Transitional Measures for Penal Provisions)

Article 5 The provisions previously in force continue to govern the application of penal provisions to conduct engaged in before this Act comes into effect.

(Delegation to Cabinet Order)

Article 6 Beyond what is provided for in Article 2 to the preceding Article inclusive of these Supplementary Provisions, the necessary transitional measures connected with this Act coming into effect are specified by Cabinet Order.

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

(Effective Date)

Article 1 This Act comes into effect as of the date on which 20 days have passed counting from the day of its promulgation.

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

(Effective Date)

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

(Reviews)

Article 10 Once five years have passed after this Act comes into effect, the government is to review the systems that are connected with Bank Holding Companies as prescribed in Article 2, paragraph (13) of the Banking Act after its revision under the provisions of Article 1 (hereinafter referred to as the "New Banking Act"), Long-Term Credit Bank Holding Companies as prescribed in Article 16-4, paragraph (1) of the Long-Term Credit Bank Act after its revision under the provisions of Article 2 (hereinafter referred to as the "New Long-Term Credit Bank Act"), and insurance holding companies as prescribed in Article 2, paragraph (16) of the Insurance Business Act after its revision under the provisions of Article 4 (hereinafter referred to as the "New Insurance Business Act"), in consideration of compliance with the New Banking Act, the New Long-Term Credit Bank Act, and the New Insurance Business Act and of things such as changes in the social and economic conditions with which Banking and the Insurance Business are faced, and is to take the requisite measures based on the results of its review if it finds this to be necessary.

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

(Effective Date)

Article 1 This Act comes into effect as of the day on which the Act to Reorganize Finance-Related Acts as a Result of the Lifting of the Ban on the Incorporation of Holding Companies (Act No. 120 of 1997) comes into effect.

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

This Act comes into effect as of the day on which 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 revising Article 5 of the Supplementary Provisions of the Local Tax Act come into effect as of April 1, 1999.

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

(Effective Date)

Article 1 This Act comes into effect as of December 1, 1998; provided, however, that the provisions set forth in the following items come into effect as of the date prescribed in the relevant item:

- (i) the provisions in Article 1 revising the Securities and Exchange Act by adding a new Chapter following Chapter IV (limited to the part that involves 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 revising Part II, Chapter X, Section 2, Subsection 1 of the Insurance Business Act (limited to the part that involves Article 265-6); the provisions of Article 23 and Article 25; Article 40 of these Supplementary Provisions and Article 42; Article 58; Article 136; Article 140; Article 143; Article 147; Article 149; Article 158; Article 164; Article 187 (excluding the provisions revising Article 4, item (lxxix) of the Act to Establish the Ministry of Finance (Act No. 144 of 1949)); and Articles 188 to 190 inclusive of these Supplementary Provisions: July 1, 1998;

(Transitional Measures Accompanying 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 under the provisions of Article 10 (hereinafter referred to as the "New Banking Act") (including as applied mutatis mutandis pursuant to Article 17 of the Long-Term Credit Bank Act after its revision under 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 under the provisions of Article 13 (hereinafter referred to as the "New Shinkin Bank Act"); Article 94 of the Labor Bank Act after its revision under 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 under the provisions of Article 16 (hereinafter referred to as the "New Act on Financial Services by Cooperatives") (hereinafter referred to as the "As 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 applies in this and the following paragraph) do not apply until the day on which one year has passed since the Effective Date to credit extended, etc. (meaning credit extended, etc. as provided in Article 13, paragraph (1) of the New Banking Act; hereinafter the same applies in this and the following paragraph) by a Bank (meaning a Bank as provided in Article 2, paragraph (1) of the New Banking Act; hereinafter the same applies), Long-Term Credit Bank (meaning a Long-Term Credit Bank as provided in Article 2 of the New Long-Term Credit Bank Act; hereinafter the same applies), 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 provided in Article 2, paragraph (1) of the New Act on Financial Services by Cooperatives; hereinafter the same applies) (hereinafter collectively referred to as a "Bank, etc." in this Article to Article 105 inclusive of these Supplementary Provisions) to a single person as provided 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 provided in Article 13, paragraph (1) of the New Banking Act; hereinafter the same applies in this paragraph) by the time when this Act comes into effect, if the Bank, etc. files a notification with the Financial Reconstruction Commission (or with the Financial Reconstruction Commission or the Minister of Labor, if it is a labor bank or federation of labor banks; or with the administrative agency referred to in Article 7, paragraph (1) of the New Act on Financial Services by Cooperatives, if it is a credit cooperative or Federation of Credit Cooperatives; hereinafter the same applies in this and the following paragraph) indicating this by the day on which three months have passed since the Effective Date. In such a case, if there is a compelling reason, such as it being likely that a significant impediment would arise to hinder the relevant single person from continuing in business if the Bank, etc. were not to continue to extend credit, etc. to it in excess of the limit on extensions of credit, etc. after the day on which one year has passed since the Effective Date, and the Bank, etc. obtains the approval of the Financial Reconstruction Commission before that day, the Bank, etc. is deemed to obtain 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 As Applied Mutatis Mutandis Pursuant to Article 17 of the New Long-Term Credit Bank Act, etc.; hereinafter the same applies in this paragraph) do not apply until the day on which one year has passed since the Effective Date to credit extended, etc. by a Bank, etc. and its Subsidiary Companies, etc. (meaning Subsidiary Companies, etc. as provided in Article 13, paragraph (2) of the New Banking Act; hereinafter the same applies in this paragraph) or by its Subsidiary Companies, etc., to a single person as provided in Article 13, paragraph (1) of the New Banking Act, in a total amount that exceeds the consolidated limit on extensions of credit, etc. (meaning the consolidated limit on extensions of credit, etc. as provided in Article 13, paragraph (2) of the New Banking Act; hereinafter the same applies in this paragraph) as of the time this Act comes into effect, if the Bank, etc. files a notification with the Financial Reconstruction Commission indicating this by the day on which three months have passed since the Effective Date. In such a case, if there is a compelling reason, such as it being likely that a significant impediment would arise to hinder the relevant single person from continuing in business if the Bank, etc. and its Subsidiary Companies, etc. or its Subsidiary Companies, etc. were not to continue to extend credit, etc. to it in a total amount that exceeds the consolidated limit on extensions of credit, etc. even after the day on which one year has passed since the Effective Date, and the Bank, etc. obtains the approval of the Financial Reconstruction Commission before that day, the

Bank, etc. is deemed to obtain 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 as applied mutatis mutandis pursuant to Article 17 of the New Long-Term Credit Bank Act; hereinafter the same applies in this paragraph) do not apply until the day on which one year has passed since the Effective Date to credit extended, etc. (meaning credit extended, etc. as provided in Article 52-6, paragraph (1) of the New Banking Act; hereinafter the same applies in this paragraph) by a Bank Holding Company as provided in Article 2, paragraph (11) of the New Banking Act (hereinafter referred to as a "Bank Holding Company" in this paragraph) and its Subsidiary Companies, etc. (meaning Subsidiary Companies, etc. as provided in 52-6, paragraph (1) of the New Banking Act; hereinafter the same applies in this paragraph), or by a Long-Term Credit Bank Holding Company as provided 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 its Subsidiary Companies, etc., to a single person as provided in Article 52-6, paragraph (1) of the New Banking Act, in a total amount that 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 provided in Article 52-6, paragraph (1) of the New Banking Act; hereinafter the same applies in this paragraph) as of the time 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) files a notification with the Financial Reconstruction Commission indicating this by the day on which three months have passed since the Effective Date. In such a case, if there is a compelling reason, such as it being likely that a significant impediment would arise to hinder the relevant single person from continuing in business if the Bank Holding Company and its Subsidiary Companies, etc., or the Long-Term Credit Bank Holding Company and its Subsidiary Companies, etc. were not to continue to extend credit, etc. to it in a total amount that exceeds the limit on extensions of credit, etc. by a bank holding company even after the day on which one year has passed since the Effective Date, and the Bank Holding Company, etc. obtains the approval of the Prime Minister before that day, the Bank Holding Company, etc. is deemed to obtain 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 As Applied Mutatis Mutandis Pursuant to Article 17 of the New Long-Term Credit Bank Act, etc.) apply to a transaction or action performed by a Bank, etc. on or after the Effective Date; and provisions previously in force continue to govern to a transaction or action performed by a Bank, etc. before the Effective Date.

Article 104 (1) The provisions of Article 16-2, paragraph (1) of the New Banking Act do not apply until the day on which one year has passed since the Effective Date to a company that is not a Company Eligible to Be a Subsidiary Company as prescribed in those provisions but that is the Subsidiary Company (meaning a Subsidiary Company as prescribed in Article 2, paragraph (8) of the New Banking Act; hereinafter the same applies in this Article) of a Bank at the time this Act comes into effect, if the Bank files a notification with the Financial Reconstruction Commission indicating this by the day on which three months have passed since the Effective Date.

- (2) If the company which does not constitute a Company Eligible to Be a Subsidiary Company, to which a notification referred to in the preceding paragraph pertains ceases to be the Subsidiary Company of the Bank referred to in the that paragraph, the Bank must file a notification with the Financial Reconstruction Commission indicating this, without delay.
- (3) Until the date specified by Cabinet Order, not later than March 31, 2001, the term "an Insurance Company as provided in" in Article 16-2, paragraph (1), item (iv) of the New Banking Act is deemed to be replaced with "a bankrupt Insurance Company as provided in Article 260, paragraph (2) of the Insurance Business Act, which constitutes an Insurance Company as provided in".
- (4) An authorization provided for in Article 16-2, paragraph (1) or Article 16-3, paragraph (1) (including as applied mutatis mutandis pursuant to Article 16-3, paragraph (2)) of the Banking Act before its revision under Article 10 (hereinafter referred to as the "Former Banking Act") (including approval connection with that authorization as referred to in the proviso to Article 55, paragraph (1) of the Former Banking Act) that the Prime Minister grants before the Effective Date pursuant to those provisions, the conditions that the Prime Minister attaches to such an authorization before the Effective Date, and the application for such an authorization which is filed based on those provisions before the Effective Date is deemed to be an authorization provided for in Article 16-2, paragraph (4) (including as applied mutatis mutandis pursuant to Article 16-2, paragraph (6) of the New Banking Act; hereinafter the same applies in this paragraph) of the New Banking Act (including an approval in connection with that authorization as referred to in the proviso to Article 55, paragraph (1) of the New Banking Act) that the Prime Minister grants pursuant to those provisions, the conditions that the Prime Minister

attaches to such an authorization pursuant to those provisions of the New Banking Act, and the application for such an authorization which is filed based on those provisions of the New Banking Act.

- (5) If a Bank has a Bank, etc. Eligible to Be a Subsidiary Company as provided for in Article 16-2, paragraph (4) of the New Banking Act as its Subsidiary Company (other than a company in which the Bank holds shares or equity under the authorization referred to in Article 16-2, paragraph (1) or Article 16-3, paragraph (1) of the Former Banking Act; the same applies in the following paragraph) at the time this Act comes into effect, the Bank must file a notification with the Prime Minister indicating this, by the day on which three months have passed since the Effective Date.
- (6) A Bank that files a notification under the preceding paragraph is deemed to obtain the authorization referred to in the provisions of Article 16-2, paragraph (4) of the New Banking Act to have the Bank, etc. Eligible to Be a Subsidiary Company to which that notification pertains as its Subsidiary Company, on the Effective Date.
- (7) The provisions of Article 16-3, paragraph (1) of the New Banking Act do not apply until the day on which one year has passed since the Effective Date to the holding of Shares, etc. (meaning Shares, etc. as provided in Article 2, paragraph (7) of the New Banking Act; hereinafter the same applies in this paragraph) in a domestic company (meaning domestic company as provided in Article 16-3, paragraph (1) of the New Banking Act; hereinafter the same applies in this paragraph) by a Bank and its Subsidiary Companies in a total number that exceeds the Maximum Number of Shares, etc. (meaning the Maximum Number of Shares, etc. as provided in Article 16-3, paragraph (1) of the New Banking Act; hereinafter the same applies in this paragraph) at the time this Act comes into effect, if the Bank files a notification the Financial Reconstruction Commission indicating this by the day on which three months have passed since the Effective Date. In such a case, the Bank and the Subsidiary Companies are deemed to acquire Shares, etc. in the Domestic Company in excess of the Maximum Number of Shares, etc. on the day on which one year has passed since the Effective Date due to a cause provided for in the main clause of Article 16-3, paragraph (2) of the New Banking Act, and the provisions of Article 16-3 of the New Banking Act apply to their holding of shares, etc. in the Domestic Company following that day.

Article 105 (1) The provisions of Article 19, paragraphs (2) and (3) of the New Banking Act (excluding the part that involves an interim business report as prescribed in Article 19, paragraph (2) of the New Banking Act) (including As 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 As

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 that involves an interim business report as prescribed in Article 52-11, paragraph (1) of the New Banking Act) of the New Banking Act (including as applied mutatis mutandis pursuant to Article 17 of the New Long-Term Credit Bank Act) and the provisions of Article 52-12 and Article 52-13, paragraphs (1) and (2) of the New Banking Act (including as applied mutatis mutandis pursuant to Article 17 of the New Long-Term Credit Bank Act) apply to a document provided for in those provisions of a Bank, etc. or Bank Holding Company, etc. in respect of a fiscal year or business year of a Bank, etc. or Bank Holding Company, etc. which starts on or after April 1, 1998, and provisions previously in force continue to govern the balance sheet or other documents of a Bank, etc. or Bank Holding Company, etc. in respect of a fiscal year or business year that starts before that date.

- (2) The provisions of Article 19, paragraphs (2) and (3) (limited to the part that involves an interim business report as prescribed in Article 19, paragraph (2) of the New Banking Act) of the New Banking Act (including as applied mutatis mutandis pursuant to Article 17 of the New Long-Term Credit Bank Act) and Article 52-11 (limited to the part that involves an interim business report as prescribed in Article 52-11, paragraph (1) of the New Banking Act) of the New Banking Act (including as applied mutatis mutandis pursuant to Article 17 of the New Long-Term Credit Bank Act) apply to the interim business report of a Bank, Long-Term Credit Bank, or Bank Holding Company, etc. in respect of a fiscal year that starts on or after April 1, 1999; and provisions previously in force continue to govern the interim business report of a Bank Holding Company, etc. in respect of a fiscal year that starts before that date.

(Delegation of Authority)

- Article 147 (1) The Prime Minister delegates the authority under these Supplementary Provisions (excluding what is specified by Cabinet Order) to the Commissioner of the Financial Services Agency.
- (2) A part of the authority delegated to the Commissioner of the Financial Services Agency pursuant to the preceding paragraph and a part 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 these Supplementary Provisions may be delegated to the Directors-General of Local Finance Bureaus or Local Finance Branch Bureaus (or to the heads of local branch offices, in the 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 a Disposition)

Article 188 Except as otherwise provided for in these Supplementary Provisions, a disposition, procedure, or other action taken pursuant to the provisions of one of the relevant pre-revision Acts (this includes an order based on such an Act; hereinafter the same applies in this Article) before this Act comes into effect (for the provisions set forth in the items of Article 1 of the Supplementary Provisions, this means before those provisions come into effect), for which corresponding provisions exist in the relevant post-revision Act, is deemed to be a disposition, procedure, or other action taken pursuant to the corresponding provisions of the relevant post-revision Act.

(Transitional Measures for the Application of Penal Provisions)

Article 189 The provisions previously in force continue to govern the application of penal provisions to conduct engaged in before this Act comes into effect (for the provisions set forth in the items of Article 1 of the Supplementary Provisions, this means before those provisions come into effect; hereinafter the same applies in this Article); to conduct engaged in after this Act comes into effect in a case that, pursuant to these Supplementary Provisions, is to continue to be governed by the provisions previously in force; and to conduct engaged in after this Act comes into effect in a case in which, pursuant to these Supplementary Provisions, the provisions previously in force are to remain in effect.

(Delegation of Other Transitional Measures to Cabinet Order)

Article 190 Beyond what is provided for in Articles 2 to 146 inclusive and Article 153, Article 169, and the preceding Article of these Supplementary Provisions, the necessary transitional measures connected with this Act coming into effect are specified by Cabinet Order.

(Reviews)

Article 191 (1) If the government finds it to be necessary, in light of compliance with systems connected with special measures for protecting protect policyholders under the provisions of the New Insurance Business Act, the soundness of management at Insurance Companies, and other relevant factors, it is to take the necessary measures to maintain reliability in the Insurance Business even after this Act comes into effect.

(2) Beyond what is provided for in the preceding paragraph, within five years after this Act comes into effect the government is to review the financial systems that have been revised by this Act, in consideration of compliance with the provisions revised by this Act and of things such as changes in the social and economic conditions with which the financial system is faced, and is to

take the requisite measures based on the results of its review if it finds this to be necessary.

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

(Effective Date)

Article 1 This Act comes into effect as of the day on which the Act Establishing the Financial Reconstruction Commission (Act No. 130 of 1998) comes into effect.

(Transitional Measures)

Article 2 (1) A disposition, such as the granting of a license, permission, authorization, approval, or designation that is effected; or an action, such as the giving of notice, that is taken by the Minister of Finance or a national organ pursuant to the provisions of the Secured Corporate Bonds Trust Act; the Trust Business Act; the Norinchukin Bank Act; the Mutual Loan Business Act; the Act for Simplification of Bank Administration; 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 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 to Facilitate the Introduction of Industry into Agricultural Regions; Agricultural and Fishing Cooperatives Savings Insurance Act; the Banking Act; the Act to Regulate the Moneylending Business; the Act to Regulate Securities Investment Advisory Services; the Act to Regulate Mortgage Securities Services; the Financial Futures Trading Act; the Act to Regulate Advanced Payment Certificates; the Act to Regulate Commodity Investment; the Act for Establishing Special Provisions in the Narcotics and Psychotropics Control Act and Other Acts in Order to Prevent Activities That Further Illicit Conduct Involving Controlled Substances, through International Cooperation; the Act to Regulate Business Undertakings Involving Specified Claims; the Act to Reorganize Acts That Are Related to the

Reform of the Financial and Securities Exchange Systems; the Act on Preferred Equity Investment by Cooperatively Structured Financial Institutions; the Specified Joint Real Estate Ventures Act; the Insurance Business Act; the Act Establishing Special Measures for 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 Establishing Special Measures for Bank Merger Proceedings That Are for Founding Bank Holding Companies; the Act on the Securitization of Specified Assets by Special Purpose Companies; and the Act on Revision of Related Acts for the Financial System Reform (hereinafter referred to as the "Former Secured Corporate Bonds Trust Act, etc.") are deemed to be disposition, such as the granting of a license, permission, authorization, approval, or designation that is effected; or an action, such as the giving of notice, that is taken by the Financial Reconstruction Commission or the 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; 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 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 to Facilitate the Introduction of Industry into Agricultural Regions; Agricultural and Fishing Cooperatives Savings Insurance Act; the Banking Act; the Act to Regulate the Moneylending Business the Act to Regulate Securities Investment Advisory Services; the Act to Regulate Mortgage Securities Services; the Financial Futures Trading Act; the Act to Regulate Advanced Payment Certificates; the Act to Regulate Commodity Investment; the Act for Establishing Special Provisions in the Narcotics and Psychotropics Control Act and Other Acts in Order to Prevent Activities That Further Illicit Conduct Involving Controlled Substances, through International Cooperation; the Act to Regulate Business Undertakings

Involving Specified Claims; the Act to Reorganize Acts That Are Related to the Reform of the Financial and Securities Exchange Systems; the Act on Preferred Equity Investment by Cooperatively Structured Financial Institutions; the Specified Joint Real Estate Ventures Act; the Insurance Business Act; the Act Establishing Special Measures for 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 Establishing Special Measures for Bank Merger Proceedings That Are for Founding Bank Holding Companies; the Act on the Securitization of Specified Assets by Special Purpose Companies; and the Act on Revision of Related Acts for the Financial System Reform (hereinafter referred to as the "New Secured Corporate Bonds Trust Act, etc.").

- (2) An action, such as the filing of an application or notification with the Prime Minister or national organ pursuant to the provisions of the Former Secured Corporate Bonds Trust Act, etc., which has been taken as of the time this Act comes into effect is deemed to be an action such as the filing of an application or notification with the Financial Reconstruction Commission or corresponding national organ pursuant to the corresponding provisions of the New Secured Corporate Bonds Trust Act, etc.
- (3) Any particular requiring that a procedure be followed, such as reporting, notification, or submission to the Prime Minister or a national organ pursuant to the provisions of the Former Secured Corporate Bonds Trust Act, etc., for which such procedure has not been followed before the day on which this Act comes into effect, is deemed to be a particular requiring that a procedure be followed, such as reporting, notification, or submission to the Financial Reconstruction Commission or a corresponding national organ pursuant to the corresponding provisions of the New Secured Corporate Bonds Trust Act, etc., for which such procedure has not been followed, and the relevant provisions of the New Secured Corporate Bonds Trust Act, etc. apply.

Article 3 An order based on the provisions of the Former Secured Corporate Bonds Trust Act, etc. which is in force at the time this Act comes into effect remains in force as an order based on the corresponding provisions of the New Secured Corporate Bonds Trust Act, etc.

Article 4 The provisions previously in force continue to govern the application of penal provisions to conduct engaged in before this Act comes into effect.

(Delegation to Cabinet Order)

Article 5 Beyond what is provided for in the preceding three Articles, the

necessary transitional measures connected with this Act coming into effect are specified by Cabinet Order.

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

(Effective Date)

Article 1 This Act comes into effect as of the date specified by Cabinet Order, within a period not exceeding six months after the day of its promulgation; provided, however, that the provisions in Article 1 revising 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; the provisions in Article 6 of these Supplementary Provisions revising 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 revising 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 revising Article 52, paragraph (1) of the Agricultural Cooperatives Act (Act No. 132 of 1947); the provisions in Article 10 of these Supplementary Provisions revising Article 53, paragraph (3) of the Securities and Exchange Act (Act No. 25 of 1948) and deleting Article 53, paragraph (4) of that Act; the provisions in Article 11 of these Supplementary Provisions revising Article 56, paragraph (1) of the Fisheries Cooperatives Act (Act No. 242 of 1948); the provisions in Article 12 of these Supplementary Provisions adding a new Article after Article 5-5 of the Act on Financial Services by Cooperatives (Act No. 183 of 1949) and revising Article 12, paragraph (1) of that Act; the provisions in Article 13 of these Supplementary Provisions revising 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 revising 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 revising Article 61, paragraph (1) of the Labor Bank Act (Act No. 227 of 1953); the provisions in Article 23 of these Supplementary Provisions revising Article 17-2, paragraph (3) of the Banking Act (Act No. 59 of 1981) and deleting 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 adding a new paragraph to Article 15 of the Insurance Business Act (Act No. 105 of 1995), revising Articles 55, paragraphs (1) and (2), Article 112, paragraph (1), and Article 112-2, paragraph (3) of that Act, deleting Article 112-2, paragraph (4) of that Act, revising Articles 115, paragraph (2), Article 118, paragraph (1), Article 119, and Article 199 of that Act, and deleting Article 59, paragraph (2)

and Article 90, paragraph (2) of the Supplementary Provisions of that Act; the provisions in Article 29 of these Supplementary Provisions revising 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 revising 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) come into effect as of April 1, 2000.

(Transitional Measures for Audit Reports)

Article 2 Provisions previously in force continue to govern the particulars for inclusion in an audit report that must be prepared for a fiscal year ending before this Act comes in force. The same applies with regard to the particulars for inclusion in an audit report that must be prepared by the Norinchukin Bank, an agricultural cooperative or federation of agricultural cooperatives, a fisheries cooperative or federation of fisheries cooperatives, a fishery processing cooperative or federation of fishery processing cooperatives, a credit cooperative or Federation of Credit Cooperatives (meaning a Federation of Credit Cooperatives that conducts the business set forth in Article 9-9, paragraph (1), item (i) of the Small and Medium-Sized Enterprise Cooperatives Act (Act No. 181 of 1949); the same applies in the following Article), a Shinkin Bank or federation of Shinkin Banks, a labor bank or federation of labor banks, or a Mutual Company (meaning a Mutual Company as provided in Article 2, paragraph (5) of the Insurance Business Act; the same applies in the following Article) for a business year ending before this Act comes in force.

(Transitional Measures for the Valuation of Monetary Claims)

Article 3 Provisions previously in force continue to govern the valuation of monetary claims, corporate bonds, and other bond certificates, as well as shares and other equity acquired through a contribution (hereinafter referred to as the "Valuation of Monetary Claims, etc." in this Article) in an accounting period that is during a fiscal year which starts before the revising provisions set forth in the proviso to Article 1 of these Supplementary Provisions come into effect. The same applies to the Valuation of Monetary Claims, etc. set forth in the following items:

- (i) the Valuation of the Monetary Claims, etc. of the Norinchukin Bank, the Shoko Chukin Bank, an agricultural cooperative or federation of agricultural cooperatives, a fisheries cooperative or federation of fisheries cooperatives, a fishery processing cooperative or federation of fishery processing cooperatives, a credit cooperative or Federation of Credit Cooperatives, a ship owner's mutual insurance union, a Shinkin Bank or federation of

- Shinkin Banks, or a labor bank or federation of labor banks, at the end of a business year which starts before the revising provisions set forth in the proviso to Article 1 of these Supplementary Provisions come into effect;
- (ii) the Valuation of the Monetary Claims, etc. of a Securities Investment Corporation (meaning a securities investment corporation as provided in Article 2, paragraph (11) of the Act on Securities Investment Trusts and Securities Investment Corporations (Act No. 198 of 1951)) in an accounting period that is during an Operating Period (meaning an Operating Period as provided in Article 133, paragraph (2) of that Act) which starts before the revising provisions set forth in the proviso to Article 1 of these Supplementary Provisions come into effect; and
 - (iii) the Valuation of the Monetary Claims, etc. of a Mutual Company in an accounting period that is during a business year which starts before the revising provisions set forth 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) comes into effect as of January 6, 2001; provided, however, that the provisions set forth in the following items come into effect as of the date prescribed in the relevant item:

- (i) 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 comes into effect as of the date specified by Cabinet Order, within a period not exceeding six months after the day of its promulgation.

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

Article 25 Notwithstanding what is provided for, after the revisions under these Supplementary Provisions, in the provisions of law that are set forth in the following items, if a motion to commence composition proceedings is filed before this Act comes into effect or if an order to commence composition proceedings which is based on such a motion is issued before or after this Act comes into effect, provisions previously in force continue to govern the treatment of the things provided for in the following provisions of law in respect of such a motion or order:

- (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 Enterprises 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 the Management of the Claims of the State;
 - (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 the 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 Business 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 Establishing Special Measures for Corporate Reorganization Proceedings and Other Insolvency Proceedings by Financial Institutions; and
 - (xx) Article 40, paragraphs (1) and (3) of the Act on the Punishment of Organized Crime and the Control of Criminal Proceeds.

(Transitional Measures for the Application of Penal Provisions)

Article 26 The provisions previously in force continue to govern the application

of penal provisions to conduct engaged in before this Act comes into effect and to conduct engaged in after this Act comes into effect in a case stipulated in the Supplementary Provisions of this Act as one that is to be governed by the provisions previously in force.

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

(Effective Date)

- (1) This Act comes into effect as of the day on which the Act Partially Revising the Commercial Code and Other Acts (Act No. 90 of 2000) comes into effect.

(Transitional Measures)

- (2) If this Act comes into effect before the date on which 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 revising 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 is deemed to be replaced with "Article 26".

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

(Effective Date)

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

(Effect of a Disposition)

Article 49 Except as otherwise provided for in these Supplementary Provisions, a disposition, procedure, or other action taken pursuant to the provisions of one of the relevant pre-revision Acts before this Act comes into effect (for the provisions set forth in the items of Article 1 of the Supplementary Provisions, this means before those provisions come into effect), for which corresponding provisions exist in the relevant post-revision Act, is deemed to be a disposition, procedure, or other action taken pursuant to the corresponding provisions of the relevant post-revision Act.

(Transitional Measures for the Application of Penal Provisions)

Article 50 The provisions previously in force continue to govern the application of penal provisions to conduct engaged in before this Act comes into effect.

(Delegation of Other Transitional Measures to Cabinet Order)

Article 51 Beyond what is provided for in Articles 2 to 11 inclusive and the preceding Article of these Supplementary Provisions, transitional measures that are necessary at the time this Act comes into effect are specified by Cabinet Order.

(Reviews)

Article 52 Once five years have passed after this Act comes into effect, the government is to review the systems connected with securities exchanges as prescribed in Article 2, paragraph (16) of the New Securities and Exchange Act and financial futures exchanges as prescribed in Article 2, paragraph (6) of the New Financial Futures Trading Act, in consideration of compliance with the New Securities and Exchange Act and the New Financial Futures Trading Act and of things such as changes in social and economic conditions, and is to take the requisite measures based on the results of its review if it finds this to be necessary.

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

(Effective Date)

Article 1 This Act comes into effect as of the date specified by Cabinet Order, within a period not exceeding six months after the day of its 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 under the preceding paragraph, old Special Purpose Companies and the Asset Securitization Plans and Specified Bonds of an old Special Purpose Company are deemed to be Special Purpose Companies and the Asset Securitization Plans and Specified Bonds of a Special Purpose Company as provided in the New Act on Securitization of Assets.

(Effect of a Disposition)

Article 64 Except as otherwise provided for in these Supplementary Provisions, a disposition, procedure, or other action taken pursuant to the provisions of one of the relevant pre-revision Acts (this includes an order based on such an Act; hereinafter the same applies in this Article) before this Act comes into effect (for the provisions set forth in the proviso to Article 1 of the Supplementary Provisions, this means before those provisions come into effect), for which corresponding provisions exist in the relevant post-revision Act, is deemed to be a disposition, procedure, or other action taken pursuant to the

corresponding provisions of the relevant post-revision Act.

(Transitional Measures for the Application of Penal Provisions)

Article 65 The provisions previously in force continue to govern the application of penal provisions to conduct engaged in before this Act comes into effect (for the provisions set forth in the proviso to Article 1 of the Supplementary Provisions, this means before those provisions come into effect) and to conduct engaged in after this Act comes into effect in a case that, pursuant to these Supplementary Provisions, is to continue to be governed by the provisions previously in force.

Article 66 With regard to the application of the provisions of the Act on the Punishment of Organized Crime and the Control of Criminal Proceeds after its revision under Article 62 of these Supplementary Provisions (hereinafter referred to as the "New Act on the Punishment of Organized Crime" in this Article) (excluding the penal provisions that are to apply pursuant to the preceding Article), a crime as 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 a case in which those provisions are to remain in force pursuant to the main clause of Article 2, paragraph (1) of these Supplementary Provisions, is deemed to a crime as set forth in item (lviii) of the Appended Table of the New Act on the Punishment of Organized Crime, and a crime as prescribed in Article 228; Article 230; Article 235, paragraph (1); and Article 236, paragraphs (2) and (4) of the Former Investment Trust Act in a case in which provisions previously in force are to continue to govern pursuant to the preceding Article is deemed to be a crime as set forth in item (xxiii) of the Appended Table of the New Act on the Punishment of Organized Crime.

(Delegation of Other Transitional Measures to Cabinet Order)

Article 67 Beyond what is provided for in these Supplementary Provisions, the necessary transitional measures connected with this Act coming into effect are specified by Cabinet Order.

(Reviews)

Article 68 Within five years after this Act comes into effect, the government is to review systems that are connected with the provisions of the New Act on the Securitization of Assets and the New Investment Trust Act and systems that are connected with authorized realtors as prescribed in Article 50-2, paragraph (2) of the Act on the Realty Business after its revision under Article 8 (hereinafter referred to as the "New Realty Business Act" in this Article), in

consideration of compliance with the New Act on the Securitization of Assets, the New Investment Trust Act, and the New Realty Business Act and of things such as changes in social and economic conditions, and is to take the requisite measures based on the results of its review if it finds this to be necessary.

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

(Effective Date)

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

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

(Effective Date)

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

(Transitional Measures for the Application of Penal Provisions)

Article 7 Provisions previously in force remain in effect with respect to the application of penal provisions to conduct engaged in before the Effective Date and to conduct engaged in on or after the Effective Date if the provisions previously in force are to remain in effect pursuant to these Supplementary Provisions.

(Delegation of Other Transitional Measures to Cabinet Order)

Article 8 Beyond what is provided for in these Supplementary Provisions, the necessary transitional measures connected with this Act coming into effect are specified by Cabinet Order.

(Reviews)

Article 9 Once five years have passed after this Act comes into effect, the government is to review systems that are connected with book-entry transfer institutions, in consideration of compliance with this Act and of things such as changes in social and economic conditions, and is to take the requisite measures based on the results of its review if it finds this to be necessary.

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

This Act comes into effect as of the day on which the Act Partially Revising the Commercial Code and Other Acts comes into effect.

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

(Effective Date)

Article 1 This Act comes into effect as of the date specified by Cabinet Order, within a period not exceeding six months after the day of its promulgation (hereinafter referred to as the "Effective Date"); provided, however, that the provisions set forth in the following items come into effect as of the date prescribed in the relevant item:

(i) the provisions in Article 1 deleting Article 17-2 of the Banking Act and revising Article 47, paragraph (2) of that Act (limited to the part deleting "Article 17-2"); the provisions in Article 3 deleting Article 112-2 of the Insurance Business Act and revising Article 270-6, paragraph (2), item (i) of that Act; the provisions in Article 4 deleting Article 55-3; the provisions of Article 8, Article 9, Article 13, Article 14, and the following Article; and the provisions of Article 9 and Articles 13 to 16 inclusive of the Supplementary Provisions: the day on which one month has passed since the day of promulgation of this Act;

(Transitional Measures for Foreign Bank Branches' Business Licenses)

Article 2 (1) A Foreign Bank that, pursuant to Article 47, paragraph (1) of the Former Banking Act, has obtained a single license of the Prime Minister as referred to in Article 4, paragraph (1) of the Banking Act before its revision under Article 1 (hereinafter referred to as the "Former Banking Act") (such a license is referred to as an "Old License" in this Article) as of the time this Act comes into effect, is deemed to obtain the license of the Prime Minister as referred to in Article 4, paragraph (1) of the Banking Act after its revision under Article 1 (hereinafter referred to as the "New Banking Act"), pursuant to Article 47, paragraph (1) of the New Banking Act, at the time this Act comes into effect.

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

(3) A Foreign Bank that files a notification under the preceding paragraph before this Act comes into effect and that holds an Old License at the time this Act comes into effect is deemed to obtain the license of the Prime Minister as

referred to in Article 4, paragraph (1) of the New Banking Act, pursuant to Article 47, paragraph (1) of the New Banking Act, on the Effective Date.

(Transitional Measures for Banks' Shareholders)

Article 3 (1) In applying the provisions of Chapter VII-2 (excluding Section 3) of the New Banking Act to holders of shares in a Bank that exist at the time this Act comes into effect, the holders of such shares are deemed to have become holders of those shares on the Effective Date due to a cause other than a transaction or action set forth in one of the items of Article 52-9, paragraph (1) of the New Banking Act.

(2) A Bank that has another Bank as its Subsidiary Company at the time this Act comes into effect as per 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 is deemed to obtain the authorization under the proviso to Article 52-9, paragraph (2) of the New Banking Act to hold shares in the other Bank, on the Effective Date.

(Delegation of Authority)

Article 13 (1) The Prime Minister delegates the authority under these Supplementary Provisions (excluding what is specified by Cabinet Order) to the Commissioner of the Financial Services Agency.

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

(Effect of a Disposition)

Article 14 Except as otherwise provided for in these Supplementary Provisions, a disposition, procedure, or other action taken pursuant to the provisions of one of the relevant pre-revision Acts (this includes an order based on such an Act; hereinafter the same applies in this Article) before the revising provisions of this Act come into effect, for which corresponding provisions exist in the relevant post-revision Act, is deemed to be a disposition, procedure, or other action taken pursuant to the corresponding provisions of the relevant post-revision Act.

(Transitional Measures for Penal Provisions)

Article 15 The provisions previously in force continue to govern the application of penal provisions to conduct engaged in before the relevant revised provisions of this Act come into effect and to conduct engaged in after the relevant revised provisions come into effect in respect of things that, pursuant to these

Supplementary Provisions, are to continue to be governed by provisions previously in force.

(Delegation of Other Transitional Measures to Cabinet Order)

Article 16 Beyond what is provided for in Article 2 to the preceding Article inclusive of these Supplementary Provisions the necessary transitional measures connected with this Act coming into effect (including transitional measures for penal provisions) are specified by Cabinet Order.

(Reviews)

Article 23 Once five years have passed after this Act comes into effect, the government is to review systems that are connected with Banks' Major Shareholders as prescribed in Article 2, paragraph (10) of the New Banking Act, the major shareholders of Long-Term Credit Banks as prescribed in Article 16-2-2, paragraph (5) of the New Long-Term Credit Bank Act, and the major shareholders of Insurance Companies as prescribed in Article 2, paragraph (14) of the New Insurance Business Act, in consideration of compliance with the New Banking Act, the New Long-Term Credit Bank Act, and the New Insurance Business Act and of things such as changes in the social and economic conditions with which Banking and the Insurance Business are faced, and is to take the requisite measures based on the results of its review if it finds this to be necessary.

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

(Effective Date)

(1) This Act comes into effect as of April 1, 2002.

(Transitional Measures for the Application of Penal Provisions)

(2) The provisions previously in force continue to govern the application of penal provisions to conduct engaged in before this Act comes into effect, and to conduct engaged in after this Act comes into effect in a case that, pursuant to the provisions of this Act, is to be governed by provisions previously in force.

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

(Effective Date)

(1) This Act comes into effect as of the date specified by Cabinet Order, within a period not exceeding one year after the day of its promulgation.

(Transitional Measures)

(2) If this Act comes into effect before the date on which Article 2 of the Act Partially Revising the Agricultural Cooperatives Act and Other Acts (Act No. 94 of 2001) comes into effect, the phrase "Article 30, paragraph (12)" in the provisions in Article 9 revising Article 30, paragraph (12) of the Agricultural Cooperatives Act is deemed to be replaced with "Article 30, paragraph (11)".

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

(Effective Date)

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

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

(Effective Date)

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

(Transitional Measures for the Application of Penal Provisions)

Article 84 The provisions previously in force continue to govern the application of penal provisions to conduct engaged in before this Act comes into effect (as for the provisions set forth in the items of Article 1 of the Supplementary Provisions, this means before those provisions come into effect; hereinafter the same applies in this Article) and to conduct engaged in after this Act comes into effect in a case that, pursuant to these Supplementary Provisions, is to continue to be governed by the provisions previously in force.

(Delegation of Other Transitional Measures to Cabinet Order)

Article 85 Beyond what is provided for in these Supplementary Provisions, the necessary transitional measures connected with this Act coming into effect are specified by Cabinet Order.

(Reviews)

Article 86 Once five years have passed after this Act comes into effect, the government is to review systems that are connected with subscriber protection trusts as prescribed in Article 2, paragraph (11) of the New Act on the Transfer of Corporate Bonds, securities clearing organizations as prescribed in Article 2, paragraph (31) of the New Securities and Exchange Act, and financial futures clearing organizations as prescribed in Article 2, paragraph (15) of the New Financial Futures Trading Act, in consideration of compliance with the New Act on the Transfer of Corporate Bonds, the New Securities and Exchange Act, and the New Financial Futures Trading Act and of things such as changes in

social and economic conditions, and is to take the requisite measures based on the results of its review if it finds this to be necessary.

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

(Effective Date)

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

(Transitional Measures for the Application of Penal Provisions)

Article 38 The provisions previously in force continue to govern the application of penal provisions to conduct engaged in before this Act comes into effect.

(Delegation of Other Transitional Measures to Cabinet Order)

Article 39 Beyond what is provided for in this Act, transitional measures that are necessary as a result of this Act coming into effect are specified by Cabinet Order.

(Reviews)

Article 40 Once five years have passed after this Act comes into effect, the government is to review the financial systems that have been revised by this Act, in consideration of compliance with provisions revised by this Act and of things such as changes in social and economic conditions, and is to take the requisite measures based on the results of its review if it finds this to be necessary.

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

(Effective Date)

Article 1 This Act comes into effect as of the day on which 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 Beyond what is provided for in Articles 2 to the preceding Article inclusive of these Supplementary Provisions, the necessary transitional measures connected with this Act coming into effect are specified by Cabinet Order.

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

(Effective Date)

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

(Transitional Measures for the Application of Penal Provisions)

Article 135 The provisions previously in force continue to govern the application of penal provisions to conduct engaged in before this Act comes into effect; to conduct engaged in after this Act comes into effect in a case that, pursuant to these Supplementary Provisions, is to continue to be governed by the provisions previously in force; and to conduct engaged in after this Act comes into effect in a case in which, pursuant to these Supplementary Provisions, the provisions previously in force are to remain in effect.

(Delegation of Other Transitional Measures to Cabinet Order)

Article 136 Beyond what is provided for in these Supplementary Provisions, the necessary transitional measures connected with this Act coming into effect are specified by Cabinet Order.

(Reviews)

Article 137 Once five years have passed after this Act comes into effect, the government is to review the settlement systems for Share, etc. trading that have been revised by this Act, in consideration of compliance with the provisions revised by this Act and of things such as changes in social and economic conditions, and is to take the requisite measures based on the results of its review if it finds this to be necessary.

Supplementary Provisions [Act No. 97 of June 9, 2004] [Extract]

(Effective Date)

Article 1 This Act comes into effect as of April 1, 2005 (hereinafter referred to as the "Effective Date"); provided, however, that the provisions set forth in the following items come into effect as of the date prescribed in the relevant item:

(i) the provisions in Article 1 revising Article 33-3, Article 64-2, paragraph (1), item (ii), and Article 64-7, paragraph (5) of the Securities and Exchange Act; the provisions revising Article 65-2, paragraph (5) of that Act (limited to the part revising the term "and (vii)" to ", (vii) and (xii)") and the provisions revising Article 144, Article 163, paragraph (2) and Article 207, paragraph (1), item (i) and paragraph (2) of that Act; the provisions in Article 2 revising 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 revising Article 10-5 of the Act on Investment Trusts and Investment Corporations (hereinafter referred to as the "Investment Trusts Act" in this Article); the provisions in Article 6 revising Article 29-3 of the Act to Regulate 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 revising Article 9-8, paragraph (6), item (i) of the Small and Medium-Sized Enterprise Cooperatives Act by making the following additions; and the provisions of Articles 14 to 19 inclusive: the day of promulgation of this Act;

(Transitional Measures for the Application of Penal Provisions)

Article 22 The provisions previously in force continue to govern the application of penal provisions to conduct engaged in before this Act comes into effect (for the provisions set forth in the items of Article 1 of the Supplementary Provisions, this means before those provisions come into effect; hereinafter the same applies in this Article) and to conduct engaged in after this Act comes into effect in a case that, pursuant to Article 3 of these Supplementary Provisions, is to continue to be governed by provisions previously in force.

(Delegation of Other Transitional Measures to Cabinet Order)

Article 23 Beyond what is provided for in these Supplementary Provisions, transitional measures that are necessary as a result of this Act coming into effect are specified by Cabinet Order.

(Reviews)

Article 24 Once five years have passed after this Act comes into effect, the government is to review the financial systems that have been revised by this Act, in consideration of compliance with the provisions revised by this Act and of things such as changes in social and economic conditions, and is to take the requisite measures based on the results of its review if it finds this to be necessary.

Supplementary Provisions [Act No. 154 of December 3, 2004] [Extract]

(Effective Date)

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

(Effect of a Disposition)

Article 121 Except as otherwise provided for in these Supplementary Provisions, a disposition, procedure, or other action taken pursuant to the provisions of one of the relevant pre-revision Acts (this includes an order based on such an Act; hereinafter the same applies in this Article) before this Act comes into effect, for which corresponding provisions exist in the relevant post-revision Act, is deemed to be a disposition, procedure, or other action taken pursuant to the corresponding provisions of the relevant post-revision Act.

(Transitional Measures Concerning Penal Provisions)

Article 122 The provisions previously in force continue to govern the application of penal provisions to conduct engaged in before this Act comes into effect; to conduct engaged in after this Act comes into effect in a case that, pursuant to these Supplementary Provisions, is to continue to be governed by the provisions previously in force; and to conduct engaged in after this Act comes into effect in a case in which, pursuant to these Supplementary Provisions, the provisions previously in force are to remain in effect.

(Delegation of Other Transitional Measures to Cabinet Order)

Article 123 Beyond what is provided for in these Supplementary Provisions, transitional measures that are necessary as a result of this Act coming into effect are specified by Cabinet Order.

(Reviews)

Article 124 Within three years after this Act comes into effect, the government is to review compliance with this Act, and is to take the requisite measures based on the results of its review if it finds this to be necessary.

Supplementary Provisions [Act No. 159 of December 8, 2004] [Extract]

(Effective Date)

Article 1 This Act comes into effect as of July 1, 2005.

Supplementary Provisions [Act No. 38 of May 2, 2005] [Extract]

(Effective Date)

Article 1 This Act comes into effect as of the date specified by Cabinet Order, within a period not exceeding one year after the day of its promulgation (hereinafter referred to as the "Effective Date").

(Delegation to Cabinet Office Ordinance)

Article 34 Beyond what is provided for in these Supplementary Provisions, the

application process and submission of documents involved in an authorization or approval under these Supplementary Provisions, and particulars that need to be set forth in order for this Act to be implemented, are specified by Cabinet Order.

(Transitional Measures for Penal Provisions)

Article 35 The provisions previously in force continue to govern the application of penal provisions to conduct engaged in before this Act comes into effect and to conduct engaged in after this Act comes into effect in a case that, pursuant to these Supplementary Provisions, is to continue to be governed by the provisions previously in force.

(Delegation of Authority)

Article 36 (1) The Prime Minister delegates the authority under these Supplementary Provisions (excluding what is specified by Cabinet Order) to the Commissioner of the Financial Services Agency.
(2) The Commissioner of the Financial Services Agency may delegate a part of the authority delegated thereto pursuant to the provisions of the preceding paragraph to the Directors-General of Local Finance Bureaus or Local Finance Branch Bureaus, pursuant to the provisions of Cabinet Order.

(Delegation to Cabinet Order)

Article 37 Beyond what is provided for in these Supplementary Provisions, the necessary transitional measures connected with this Act coming into effect are specified by Cabinet Order.

(Reviews)

Article 38 (1) Within three years after this Act comes into effect, the government is to review things such as what should be done with regard to the bearing of the costs required for financial assistance or other assistance provided by the Life Insurance Policyholders Protection Corporation and the necessity of maintaining the legal provisions on government assistance, in consideration of compliance with systems that are connected with special measures to protect insurance policy holders, etc. through governmental assistance to the Life Insurance Policyholders Protection Corporation, and financial and other assistance by the Life Insurance Policyholders Protection Corporation and in consideration of the financial condition of the Life Insurance Policyholders Protection Corporation, the soundness of management at Insurance Companies, and other relevant factors, and make the appropriate revisions.
(2) Within five years after this Act comes into effect, the government is to review the systems connected with the Insurance Business provided for in this Act, in

consideration of the business conditions of Low-Cost, Short-Term Insurance Providers, including the services that they engage in by obtaining reinsurance from Insurance Companies, the extent of diversification in insurance that is underwritten by Insurance Companies, and things such as changes in social and economic conditions, and is to take the requisite measures based on the results of its review if it finds this to be necessary.

Supplementary Provisions [Act No. 87 of July 26, 2005] [Extract]

This Act comes into effect as of the day on which the Companies Act comes into effect.

Supplementary Provisions [Act No. 106 of November 2, 2005] [Extract]

(Effective Date)

Article 1 This Act comes into effect as of the date specified by Cabinet Order, within a period not exceeding one year after the day of its promulgation (hereinafter referred to as the "Effective Date"); provided, however, that the provisions set forth in the following items come into effect as of the date prescribed in the relevant item:

(i) the provisions of Article 11: the day of promulgation of this Act;

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

Article 2 (1) Notwithstanding the provisions of Article 52-36, paragraph (1) of the New Banking Act, a person that is engaged in Bank Agency Services as defined in Article 2, paragraph (14) of the Banking Act after its revision (hereinafter referred to as the "New Banking Act") under Article 1 (hereinafter referred to as "Bank Agency Services") at the time this Act comes into effect (excluding a person that is deemed to have obtained the license referred to in Article 52-36, paragraph (1) of the New Banking Act on Effective Date pursuant to the provisions of paragraph (1) of the following Article of the Supplementary Provisions) may continue to engage in Bank Agency Services during the three months after the Effective Date (or, if a disposition denying the application for a license as referred to in Article 52-36, paragraph (1) of the New Banking Act is reached or the discontinuation of Bank Agency Services is ordered pursuant to Article 52-56, paragraph (1) of the New Banking Act as applied by replacing certain terms pursuant to the provisions of the following paragraph, the person may continue to engage in Bank Agency Services until the day on which that disposition is reached or order of discontinuation is issued). If such a person files an application for the license referred to in

Article 52-36, paragraph (1) of the New Banking Act within that period, the same applies during the period up until the disposition granting or denying the license is reached.

- (2) If a person continues to engage in Bank Agency Services pursuant to the preceding paragraph, the person is deemed to be a Bank Agent (meaning a Bank Agent as defined in Article 2, paragraph (15) of the New Banking Act; the same applies hereinafter), and 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 that involves item (xi)); and Article 57-4, paragraph (2) of the New Banking Act and the provisions of Chapter IX of the New Banking Act which are connected with these provisions apply. In this case, the phrase "in the following items" in Article 52-56, paragraph (1) of the New Banking Act is deemed to be replaced with "item (iv) or (v) below", and the phrase "revoke its Article 52-36, paragraph (1) license" in that paragraph is deemed to be replaced with "order it to discontinue Bank Agency Services".

Article 3 (1) A person (other than a Bank, etc. as defined in Article 52-61, paragraph (1) of the New Banking Act) that engages in Bank Agency Services at an agency established under Article 8, paragraph (1) of the Banking Act before its revision under Article 1 (hereinafter referred to as the "Former Banking Act") at the time this Act comes into effect is deemed to obtain the license referred to in Article 52-36, paragraph (1) of the New Banking Act on the Effective Date, and the provisions of the New Banking Act apply.

- (2) A person that, pursuant to the preceding paragraph, is deemed to have obtained a license must submit a document stating the particulars set forth in the items of Article 52-37, paragraph (1) of the New Banking Act and the documents set forth in the items of Article 52-37, paragraph (2) of the New Banking Act to the Prime Minister by the day on which three months have passed since the Effective Date.
- (3) Notwithstanding the provisions of paragraph (1), the provisions of Article 52-39 of the New Banking Act do not apply to a person that is deemed, pursuant to paragraph (1), to have obtained a license, until the person that is deemed to have obtained the license submits the documents referred to in the preceding paragraph, pursuant to the provisions of that paragraph.
- (4) In applying Article 52-61, paragraph (3) of the New Banking Act to a person that engages in Bank Agency Services at an agency established pursuant to Article 8, paragraph (1) of the Former Banking Act at the time 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 "if it seeks to engage in Bank Agency Services" in Article 52-61, paragraph (3) of the New Banking Act is deemed to be replaced with "within three months after the day on which the Act Partially Revising the Banking Act and Other Acts (Act No. 106 of 2005) comes into effect".

(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 do not apply to a Bank, etc. Engaging in Bank Agency Services until the Bank, etc. Engaging in Bank Agency Services submits the documents referred to in Article 52-61, paragraph (3) of the New Banking Act as applied by replacing certain terms pursuant to the preceding paragraph.

Article 4 The provisions of Article 8, paragraph (1) of the New Banking Act (including as applied mutatis mutandis pursuant to Article 17 of the New Long-Term Credit Bank Act) that are connected with the establishment or closure of a branch 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 applies 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 under Article 2 (hereinafter referred to as the "New Long-Term Credit Bank Act"); the same applies hereinafter) apply to an establishment or closure that takes place on or after the Effective Date, and the provisions previously in force continue to govern an establishment or closure that takes place before the Effective Date.

Article 5 The provisions of Article 8, paragraph (1) of the New Banking Act (including as applied mutatis mutandis pursuant to Article 17 of the New Long-Term Credit Bank Act) that are connected with the establishment or closure of a branch or other business office, or an agency in a foreign state by a Bank or Long-Term Credit Bank apply to an establishment or closure that takes place on or after the Effective Date, and the provisions previously in force continue to govern an establishment or closure that takes place before the Effective Date.

Article 6 The provisions of Article 8, paragraph (3) of the New Banking Act (including as applied mutatis mutandis pursuant to Article 17 of the New Long-Term Credit Bank Act) apply to a contract entrusting a person with services in a foreign state which is concluded on or after the Effective Date.

Article 7 The provisions of Article 13-2 of the New Banking Act (including as 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 under Article 3 (hereinafter referred to as the "New Shinkin Bank Act"); Article 94, paragraph (1) of the Labor Bank Act after its revision under Article 4 (hereinafter referred to as the "New Labor Bank Act"); and Article 6, paragraph (1) of the Act on Financial Services by Cooperatives after its revision under Article 6 (hereinafter referred to as the "New Act on Financial Services by Cooperatives")) apply to a transaction or action taken 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 a Federation of Credit Cooperatives as defined in Article 2, paragraph (1) of the New Act on Financial Services by Cooperatives); hereinafter the same applies in this Article and paragraph (2) of the following Article) on or after the Effective Date, and the provisions previously in force continue to govern a transaction or action taken 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 as applied mutatis mutandis pursuant to Article 17 of the New Long-Term Credit Bank Act) apply to documents referred to in those provisions in respect of a fiscal year of a Bank, Long-Term Credit Bank, Bank Holding Company (meaning a Bank Holding Company as defined in Article 2, paragraph (13) of the New Banking Act; hereinafter the same applies 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 applies in this paragraph and paragraph (3) of the following Article) which starts on or after the Effective Date, and the provisions previously in force continue to govern those documents pertaining in respect of a fiscal year of a Bank, Long-Term Credit Bank, Bank Holding Company or Long-Term Credit Bank Holding Company which starts before the Effective Date.

(2) The provisions of Article 21, paragraphs (1) and (2) of the New Banking Act (including as 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) apply to documents referred to in those provisions in respect of a fiscal year or business year of a Bank, etc. which starts on or after the Effective Date, and the provisions previously in force continue to govern those documents in respect of a fiscal year or business year of a Bank, etc. which starts before the Effective Date.

- Article 9 (1) The provisions of Article 52-43 and Article 52-44 of the New Banking Act (including as 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) apply to actions specified in Article 2, paragraph (14) of the New Banking Act (including actions 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) that are taken on or after the Effective Date.
- (2) The provisions of Articles 52-50 of the New Banking Act (including as 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 applies in this paragraph) apply to a report as referred to in Article 52-50, paragraph (1) of the New Banking Act in respect of a 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 applies 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 applies 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 applies 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 applies hereinafter) which starts on or after the Effective Date.
- (3) The provisions of Articles 52-51 of the New Banking Act (including as 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 applies in this paragraph) apply to documents as referred to in Article 52-51, paragraph (1) of the New Banking Act in respect of a fiscal year or business year of a Principal Bank (meaning a 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 an 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) which starts on or after the Effective Date.

(Effect of a Disposition)

Article 38 Except as otherwise provided for in these Supplementary Provisions, a disposition, procedure, or other action taken pursuant to the provisions of one of the relevant pre-revision Acts (this includes an order based on such an Act; hereinafter the same applies in this Article) before this Act comes into effect, for which corresponding provisions exist in the relevant post-revision Act, is deemed to be a disposition, procedure, or other action taken pursuant to the corresponding provisions of the relevant post-revision Act.

(Transitional Measures for the Application of Penal Provisions)

Article 39 The provisions previously in force continue to govern the application of penal provisions to conduct engaged in before this Act comes into effect and to conduct engaged in after this Act comes into effect in a case that, pursuant to these Supplementary Provisions, is to continue to be governed by the provisions previously in force.

(Delegation of Authority)

Article 40 (1) The Prime Minister delegates the authority under these Supplementary Provisions (excluding what is specified by Cabinet Order) to the Commissioner of the Financial Services Agency.

(2) A part of the authority delegated to the Commissioner of the Financial Services Agency pursuant to the preceding paragraph and a part 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 these Supplementary Provisions may be delegated to the Directors-General of Local Finance Bureaus or Local Finance Branch Bureaus (or to the heads of local branch offices, in the 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.

(Delegation of Other Transitional Measures to Cabinet Order)

Article 41 Beyond what is provided for in these Supplementary Provisions, transitional measures that are necessary as a result of this Act coming into effect are specified by Cabinet Order.

(Reviews)

Article 42 Once five years have passed after this Act comes into effect, the government is to review the financial systems that have been revised by this Act, in consideration of compliance with provisions revised by this Act and of things such as changes in social and economic conditions, and is to take the requisite measures based on the results of its review if it finds this to be necessary.

Supplementary Provisions [Act No. 65 of June 14, 2006] [Extract]

(Effective Date)

Article 1 This Act comes into effect as of the date specified by Cabinet Order, within a period not exceeding one year and six months after the day of its promulgation (hereinafter referred to as the "Effective Date"); provided, however, that the provisions set forth in the following items come into effect as of the date prescribed in the relevant item:

(i) the provisions of Article 1; the provisions in Article 8 revising 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)" to read "Article 197, Article 197-2, items (i) to (x) inclusive or item (xiii) or Article 198, item (viii)"); the provisions in Article 9 revising 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)" to read "Article 197; 197-2, items (i) to (x) inclusive or item (xiii); or Article 198, item (viii)"); the provisions in Article 11 revising 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)" to read "Article 197" and the part revising "Article 198, items (i) to (x) inclusive, (xviii) or (xix) (The Crime of Offering Securities Without Notification, etc.)" to read "Article 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 revising 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)" to read "Article 197" and the part revising "Article 198, items (i) to (x) inclusive, (xviii) or (xix) (The Crime of Offering Securities Without Notification, etc.)" to read "Article 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 revising 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)" to read "Article 197" and the part revising "Article 198, items (i) to (x) inclusive, (xviii) or (xix) (The Crime of Offering Securities Without Notification, etc.)" to read "Article 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 revising Article 53-2, paragraph (1), item (iii) of the Insurance Business Act (limited to the part revising the phrase "Article 197, paragraph (1), items (i) to (iv) inclusive or (vii) or Article 197, paragraph (2)" to read "Article 197" and the part revising "Article 198, items (i) to (x) inclusive, (xviii) or (xix) (The Crime of Offering Securities Without Notification, etc.)" to read "Article 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 revising 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)" to read "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 have passed counting from the day of promulgation of this Act;

(ii) the provisions of Article 3 of these Supplementary Provisions: the day on which the Act Partially Revising the Penal Code and Other Acts in Order to Better Address Transnational Organized Crime and the Increased Sophistication of Information Processing (Act No. of 2006) comes into effect or the day on which the provisions set forth in the preceding item enter into effect, whichever is later;

(iii) the provisions of Article 2 (excluding the provisions revising Article 27-23 of the Securities and Exchange Act (other than the part adding "and Article 27-26" after "Article 27-25, paragraph (1)"); the provisions revising Article 27-24 of that Act; the provisions revising Article 27-25 of that Act; the provisions revising Article 27-26 of that Act (excluding the part revising "controlling the business activities of the company that is the Issuer of said

Share Certificates, etc." to read "performing an act specified by Cabinet Order as something that materially changes or materially influences the business activities of the Issuer of said Share Certificates, etc. (such an act is referred to as a 'Material Proposal' in paragraphs (4) and (5))" and the part adding three paragraphs to that Article); the provisions revising Article 27-27 of that Act; and the provisions revising Article 27-30-2 of that Act (excluding the part revising "Article 27-10, paragraph (2)" to read "Article 27-10, paragraphs (8) and (12)" and the part adding "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 after the day of promulgation of this Act;

- (iv) the provisions in Article 2 revising Article 27-23 of the Securities and Exchange Act (excluding the part adding "and Article 27-26" after "Article 27-25, paragraph (1)"); the provisions revising Article 27-24 of that Act; the provisions revising Article 27-25 of that Act; the provisions revising Article 27-26 of that Act (excluding the part revising "controlling the business activities of the company that is the Issuer of said Share Certificates, etc." to read "performing an act specified by Cabinet Order as something that materially changes or materially influences the business activities of the Issuer of said Share Certificates, etc. (such an act is referred to as a 'Material Proposal' in paragraphs (4) and (5))" and the part adding three paragraphs to that Article); the provisions revising Article 27-27 of that Act; and the provisions revising Article 27-30-2 of that Act (excluding the part revising "Article 27-10, paragraph (2)" to read "Article 27-10, paragraphs (8) and (12)" and the part adding "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 after the day of promulgation of this Act;
- (v) the provisions of Article 4: the day on which the Act on General Incorporated Associations and General Incorporated Foundation (Act No. 48 of 2006) comes into effect;

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

Article 195 If a Bank receives an offer for a specified deposit, etc. contract (meaning a specified deposit, etc. contract as defined in Article 13-4 of the Banking Act after its revision under Article 16 (hereinafter referred to as the "New Banking Act" in this Article)) from a customer (limited to a person as referred to in Article 2, paragraph (31), item (iv) of the New Financial Instruments and Exchange Act) for the first time after this Act comes into effect and, before this Act comes into effect, the Bank has notified the customer

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 after this Act comes into effect, 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 is deemed to have notified the customer as prescribed in 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 delegates the authority under these Supplementary Provisions (excluding what is specified by Cabinet Order) to the Commissioner of the Financial Services Agency.
- (2) The Commissioner of the Financial Services Agency may delegate a part of the authority delegated thereto pursuant to the provisions of the preceding paragraph to the Directors-General of Local Finance Bureaus or Local Finance Branch Bureaus, pursuant to the provisions of Cabinet Order.

(Effect of a Disposition)

Article 217 Except as otherwise provided for in these Supplementary Provisions, a disposition, procedure, or other action taken pursuant to the provisions of the Former Securities and Exchange Act, the Former Investment Trust Act, the Former Trust Business Act, or an order based on one of these before this Act comes into effect, for which corresponding provisions exist in the New Financial Instruments and Exchange Act, is deemed to be a disposition, procedure, or other action taken pursuant to the corresponding provisions of the New Financial Instruments and Exchange Act.

(Transitional Measures for the Application of Penal Provisions)

Article 218 The provisions previously in force continue to govern the application of penal provisions to conduct engaged in before this Act comes into effect (as for the provisions set forth in the items of Article 1 of the Supplementary Provisions, this means before those provisions come into effect; hereinafter the same applies in this Article); to conduct engaged in after this Act comes into effect in a case that, pursuant to these Supplementary Provisions, is to continue to be governed by the provisions previously in force; and to conduct engaged in after this Act comes into effect in a case in which, pursuant to these Supplementary Provisions, the provisions previously in force are to remain in effect.

(Delegation of Other Transitional Measures to Cabinet Order)

Article 219 (1) Beyond what is provided for in these Supplementary Provisions, the necessary transitional measures connected with this Act coming into effect are specified by Cabinet Order.

(2) The necessary transitional measures in respect of the registration process connected with the partial revision of the Securities and Exchange Act under Article 3 is specified by Ordinance of the Ministry of Justice.

(Reviews)

Article 220 Within five years after this Act comes into effect, the government is to review compliance with this Act, and is to take the requisite measures based on the results of its review if it finds this to be necessary.

Supplementary Provisions [Act No. 109 of December 15, 2006] [Extract]

This Act comes into effect as of the day on which the New Trust Act comes into effect.