

# **Regulation for Enforcement of the Act on Strengthening Industrial Competitiveness**

(Ordinance of the Cabinet Office, the Ministry of Internal Affairs and Communications, the Ministry of Finance, the Ministry of Health, Labour and Welfare, the Ministry of Agriculture, Forestry and Fisheries, the Ministry of Economy, Trade and Industry, the Ministry of Land, Infrastructure, Transport and Tourism, and the Ministry of the Environment No. 1 of January 17, 2014)

Based on the provisions of the Act on Strengthening Industrial Competitiveness (Act No. 98 of 2013) and the Enforcement Order of the Act on Strengthening Industrial Competitiveness (Cabinet Order No. 13 of 2014), and for the purpose of enforcing the Act and Cabinet Order, the Regulation for Enforcement of the Act on Strengthening Industrial Competitiveness is hereby established as follows.

Chapter I General Provisions (Article 1 to Article 4)

Chapter II Preparation of Special Measures on Regulations Concerning New Business Activities and Facilitation of Regulatory Reform (Article 5 to Article 11)

Chapter III Facilitation of Corporate Restructuring

Section 1 Corporate Restructuring Plan (Article 12 to Article 16)

Section 2 Specified Corporate Restructuring Plan (Article 17 to Article 21)

Section 3 Special Measures (Article 22 to Article 40)

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Supplementary Provisions

## **Chapter I General Provisions**

(Definitions of Terms)

Article 1 The terms used in this Regulation have the same meanings as the terms used in the Act on Strengthening Industrial Competitiveness (hereinafter referred to as the "Act") and the Enforcement Order of the Act on Strengthening Industrial Competitiveness (referred to as the "Order" in Article 40).

(New Business Activities Specified by Order of the Competent Ministry)

Article 2 New business activities specified by order of the competent ministry as set forth in Article 2, paragraph (3) of the Act refer to the development or production of new goods, development or provision of new services, introduction of a new method of producing or selling goods, introduction of a new method of providing services, or other new business activities, which are expected to bring about improvement in productivity (including resource productivity (meaning the level of contribution of the use of energy or mineral resources (excluding the use of mineral resources as energy) to the economic activities of a person who intends to start new business activities)) or cultivation of new demand and are not likely to harm public policy.

(Relationship Concerning Affiliated Business Specified by Order of the Competent Ministry)

Article 3 The relationship specified by order of the competent ministry as set forth in Article 2, paragraph (8) of the Act is any of the following relationships:

- (i) a relationship where a business holds the number or amount of shares or contributions equivalent to 50 percent or more of the total issued shares, total number of contribution units or total amount of contribution value of another business;
- (ii) a relationship that falls under either of (a) or (b) below and where the officers or employees of a business account for one half or more of the total number of officers of another business (in the case of a relationship that falls under (b) below, where the total number of issued shares, total number of contribution units or total amount of contribution value of the relevant other business that was established by the contribution of assets other than money by the business with a third business (meaning a business other than the business and the relevant other business; hereinafter the same applies in this item) is held by the business and the third business, a relationship where the percentage of officers or employees of the business among the total number of officers of the relevant other business is not below the percentage of officers or employees of any other single business in the total number of officers of the relevant other business):
  - (a) the business holds a number or amount of shares or contributions that is equivalent to 40 percent or more and less than 50 percent of the total number of issued shares, total number of contribution units or total amount of contribution value of the relevant other business; or
  - (b) the number of issued shares, the number of contribution units or the amount of contribution value of the relevant other business held by the business is 20 percent or more and less than 40 percent of the total number

of issued shares, total number of contribution units or total amount of contribution value of the relevant other business and is not also below the number of issued shares, the number of contribution units or the amount of contribution value of the relevant other business, which is held by any other single business;

- (iii) a relationship where a subsidiary company (meaning another business with which a business has a relationship as prescribed in item (i) or a relationship that falls under (a) or (b) of the preceding item, wherein the officers or employees of the business account for one half or more of the total number of officers; hereinafter the same applies in this Article and the following Article) or a subsidiary company jointly with the business holds the number or amount of shares or contributions equivalent to 50 percent or more of the total issued shares, total number of contribution units or total amount of contribution value of another business; or
- (iv) a relationship that falls under either of (a) or (b) below and where the officers or employees of a subsidiary company or the officers or employees of a subsidiary company and the business account for one half or more of the total number of officers of another business:
  - (a) a subsidiary company or a subsidiary company jointly with the business holds a number or amount of shares or contributions that is equivalent to 40 percent or more and less than 50 percent of the total number of issued shares, total number of contribution units or total amount of contribution value of the relevant other business; or
  - (b) the number of issued shares, the number of contribution units or the amount of contribution value of the relevant other business held by a subsidiary company or a subsidiary company jointly with the business is 20 percent or more and less than 40 percent of the total number of issued shares, total number of contribution units or total amount of contribution value of the relevant other business and is not also below the number of issued shares, number of contribution units or the amount of contribution value of the relevant other business that is held by any other single business.

(Relationship Concerning Affiliated Foreign Corporations Specified by Order of the Competent Ministry)

Article 4 The relationship specified by order of the competent ministry as set forth in Article 2, paragraph (9) of the Act is any of the following relationships:

- (i) a relationship where a business holds the number or amount of issued shares or equity, or their equivalent of a foreign corporation (hereinafter collectively referred to as "shares, etc." in this Article) that is equivalent to 50 percent or more of the total number or total amount of shares, etc.;

- (ii) a relationship that falls under either of (a) or (b) below and where the officers or employees of a business account for one half or more of the total number of officers or persons equivalent thereto of a foreign corporation (hereinafter collectively referred to as "officers, etc." in this Article);
  - (a) the business holds a number or amount of shares, etc. that is equivalent to 40 percent or more and less than 50 percent of the total number or total amount of shares, etc. of the foreign corporation; or
  - (b) the number or the amount of shares, etc. of the foreign corporation held by the business is 20 percent or more and less than 40 percent of the total number or total amount of shares, etc. of the foreign corporation and is not also below the number or amount of shares, etc. of the foreign corporation held by any other single business;
- (iii) a relationship where a subsidiary company or a foreign subsidiary company (meaning a foreign corporation set forth in the preceding two items in cases where a business holds the relationship prescribed in those items; hereinafter collectively referred to as "subsidiary company, etc." in this Article) or a subsidiary company, etc. jointly with the business holds a number or amount of shares, etc. that is equivalent to 50 percent or more of the total number or total amount of shares, etc. of a foreign corporation; or
- (iv) a relationship that falls under either of (a) or (b) below and where the officers, etc. or employees of a subsidiary company, etc. or the officers, etc. or employees of a subsidiary company, etc. and the business account for one half or more of the total number of officers, etc. of a foreign corporation:
  - (a) a subsidiary company, etc. or a subsidiary company, etc. jointly with the business holds a number or amount of shares, etc. that is equivalent to 40 percent or more and less than 50 percent of the total number or total amount of shares, etc. of the foreign corporation; or
  - (b) the number or amount of shares, etc. of the foreign corporation that is held by a subsidiary company, etc. or a subsidiary company, etc. jointly with the business is 20 percent or more and less than 40 percent of the total number or total amount of shares, etc. of the foreign corporation and is not also below the number or amount of shares, etc. of the foreign corporation that is held by any other single business.

## **Chapter II Preparation of Special Measures on Regulations Concerning New Business Activities and Facilitation of Regulatory Reform**

(Procedures Pertaining to Request for New Special Measures on Regulations)

Article 5 (1) When a person intends to start new business activities by receiving the application of new special measures on regulations under Article 8, paragraph (1) of the Act and makes a request for the preparation of the new

special measures on regulations, the person must submit a written request in Form 1 stating the content of the new special measures on regulations and other matters and a copy thereof to the competent minister.

- (2) When a person submits written requests to two or more competent ministers, the person may submit a written request in Form 1 and a copy thereof to other competent minister(s), respectively, via any one of those competent ministers. In this case, the written request is deemed to have been submitted to other competent minister(s) as well, as of the day on which that competent minister receives it.
- (3) When the competent minister receives a request under Article 8, paragraph (1) of the Act and the request for new special measures on regulations is seeking measures concerning special provisions of regulations prescribed in any Act or Cabinet Order under the jurisdiction or in any order of the competent ministry, and if the minister finds it necessary to take new special measures on regulations based on the request, the minister is to deliver a written notice in Form 2 stating the content of the new special measures on regulations to be taken and other matters to the person who has made the request and is to also publicize the content of the new special measures on regulations by using Form 3, within one month in principle from the day of receiving the written request and a copy thereof set forth in paragraph (1).
- (4) When the competent minister receives a request under Article 8, paragraph (1) of the Act but finds it unnecessary to take any new special measures on regulations based on the request, the minister is to deliver a written notice in Form 4 stating such fact and the grounds therefor to the person who has made the request, within one month in principle from the day of receiving the written request and a copy thereof set forth in paragraph (1).
- (5) When the competent minister receives a request under Article 8, paragraph (1) of the Act but cannot deliver a written notice set forth in either of the preceding two paragraphs within the period prescribed therein due to unavoidable grounds, in light of the state of discussions on the preparation of new special measures on regulations based on the request, the minister is to give a notice stating such fact and the grounds therefor to the person who has made the request under paragraph (1) at an interval not exceeding one month until the delivery of the written notice.
- (6) When the head of a relevant administrative organ receives a request under Article 8, paragraph (3) of the Act and decides to take new special measures on regulations based on the request, the head is to state the content of the new special measures on regulations to be taken and other matters in a written notice in Form 2 and forward it to the competent minister set forth in paragraph (1), within one month in principle from the day of receiving the written request and a copy thereof. In this case, the competent minister is to

deliver the written notice to the person who has made the request under paragraph (1).

- (7) The head of a relevant administrative organ set forth in the preceding paragraph is to without delay publicize the content of the new special measures on regulations to be taken by using Form 3 after the delivery of the written notice by the competent minister set forth in the same paragraph.
- (8) When the head of a relevant administrative organ receives a request under Article 8, paragraph (3) of the Act and decides not to take any new special measures on regulations based on the request, the head is to state such fact and the grounds therefor in a written notice in Form 4 and forward it to the competent minister, within one month in principle from the day of receiving the written request and a copy thereof under paragraph (1). In this case, the competent minister is to deliver the written notice to the person who has made the request under paragraph (1).
- (9) When the head of a relevant administrative organ receives a request under Article 8, paragraph (3) of the Act but cannot deliver a written notice set forth in either of paragraph (6) or the preceding paragraph within the period prescribed therein due to unavoidable grounds, in light of the state of discussions on the preparation of new special measures on regulations based on the request, the head is to notify the competent minister of such fact and the grounds therefor at an interval not exceeding one month until the delivery of the written notice. In this case, the competent minister is to give a notice on the content of the notification to the person who has made the request under paragraph (1).

#### (Procedures Pertaining to Confirmation Regarding Interpretation and Application)

- Article 6 (1) When a person intends to start new business activities under Article 9, paragraph (1) of the Act and asks for confirmation regarding the interpretation of provisions of Acts that provide for regulations on the new business activities and relevant business activities and orders based on Acts (including public notices) and the applicability of the provisions to the new business activities and relevant business activities, the person must submit a written inquiry in Form 5 stating the content of the provisions and other matters and a copy thereof to the competent minister.
- (2) When a person submits written inquiries to two or more competent ministers, the person may submit a written request in Form 5 and a copy thereof to other competent minister(s), respectively, via any one of those competent ministers. In this case, the written inquiry is deemed to have been submitted to other competent minister(s) as well, as of the day on which that competent minister receives it.

- (3) When the competent minister receives a request under Article 9, paragraph (1) of the Act and the request for confirmation regarding interpretation and application pertains to any Act under the jurisdiction or orders based on Acts, the minister is to deliver a written response in Form 6 stating the interpretation and application in relation to the request to the person who has made the request, within one month in principle from the day of receiving the written inquiry and a copy thereof set forth in paragraph (1).
- (4) When the competent minister receives a request under Article 9, paragraph (1) of the Act but cannot deliver a written response set forth in the preceding paragraph within the period prescribed therein due to unavoidable grounds, in light of the state of discussions on the interpretation and application in relation to the request, the minister is to give a notice stating such fact and the grounds therefor to the person who has made the request at an interval not exceeding one month until the delivery of the written response.
- (5) When the head of a relevant administrative organ receives a request under Article 9, paragraph (3) of the Act, the head is to state the interpretation and application in relation to the request in a written response in Form 6 and forward it to the competent minister, within one month in principle from the day of receiving the written inquiry and a copy thereof under paragraph (1). In this case, the competent minister is to deliver the written response to the person who has made the request under paragraph (1).
- (6) When the head of a relevant administrative organ receives a request under Article 9, paragraph (3) of the Act but cannot deliver a written response set forth in the preceding paragraph within the period prescribed therein due to unavoidable grounds, in light of the state of discussions on the interpretation and application in relation to the request, the head is to notify the competent minister of such fact and the grounds therefor at an interval not exceeding one month until the delivery of the written response. In this case, the competent minister is to give a notice on the content of the notification to the person who has made the request under paragraph (1).

(Application for Approval of a Plan for New Business Activities)

Article 7 (1) A person who intends to obtain approval of a plan for new business activities under Article 10, paragraph (1) of the Act (referred to as the "applicant" in the following paragraph, paragraph (3) and paragraph (1) of the following Article) must submit a written application in Form 7 and a copy thereof to the competent minister.

- (2) The written application and a copy thereof set forth in the preceding paragraph must be submitted together with the following documents:
  - (i) when the applicant is a corporation (including an organization without legal personality for which a representative person or administrator has been

designated), the following documents:

- (a) a copy of the articles of incorporation or the equivalent thereof, and a certificate of registered matters (limited to cases where the corporation has been registered); and
  - (b) a copy of the most recent business report, a copy of the sales ledger, a balance sheet, and a profit and loss statement (when these documents are not prepared, their equivalent);
  - (ii) when the applicant is an individual, a certified copy or an extract of the residence certificate or the equivalent thereof, and documents that can prove assets, liabilities, income and other state of the applicant.
- (3) When an applicant intends to raise funds necessary for carrying out new business activities by receiving a guarantee of obligations provided by the Organization for Small & Medium Enterprises and Regional Innovation under Article 13 of the Act, the applicant must attach a document stating the breakdown of the usage and procurement methods of funds that are necessary for the implementation of the plan for new business activities, in addition to the documents set forth in the items of the preceding paragraph.
- (4) When the applicant submits written applications to two or more competent ministers, the applicant may submit a written application in Form 7 and a copy thereof to other competent minister(s), respectively, via any one of those competent ministers. In this case, the written application is deemed to have been submitted to other competent minister(s) as well, as of the day on which that competent minister receives it.
- (5) The implementation period of the plan for new business activities pertaining to the application for approval set forth in paragraph (1) is not to exceed five years in principle, and when intending to continue business over the period, a business must obtain approval of changes to the plan for new business activities for a new implementation period based on the provisions of Article 9 (excluding paragraph (6)).

#### (Approval of a Plan for New Business Activities)

Article 8 (1) When the competent minister receives a submitted plan for new business activities under Article 10, paragraph (1) of the Act, examines the content thereof promptly in light of the provisions of paragraph (4) of the same Article, and decides to grant approval with regard to the plan for new business activities, the minister is to state as follows in the original copy of the written application pertaining to the approval, sign and seal it and deliver it as a certificate to the applicant, within one month in principle from the day of receiving the submitted plan:

"Pursuant to the provisions of Article 10, paragraph (1) of the Act on Strengthening Industrial Competitiveness, we hereby approve the applicant as a



person who carries out new business activities prescribed in Article 2, paragraph (3) of the same Act."

- (2) When the competent minister does not grant approval as set forth in the preceding paragraph, the minister is to deliver a written notice in Form 8 stating such fact and the grounds therefor to the applicant.
- (3) When the competent minister has granted approval as set forth in paragraph (1), the minister is to publicize the date of the approval, the name of the approved implementer of new business activities and the content of the approved plan for new business activities by using Form 9.

(Application for Approval of Changes to an Approved Plan for New Business Activities and Approval Thereof)

Article 9 (1) Minor changes that do not involve changes to the purpose of the approved plan for new business activities do not require the approval set forth in Article 11, paragraph (1) of the Act.

- (2) An approved implementer of new business activities who intends to obtain approval of changes to a plan for new business activities under Article 11, paragraph (1) of the Act must submit a written application in Form 10 and a copy thereof to the competent minister.
- (3) The written application and a copy thereof set forth in the preceding paragraph must be submitted together with a copy of the approved plan for new business activities.
- (4) When an approved implementer of new business activities submits written applications to two or more competent ministers, the implementer may submit a written application in Form 10 and a copy thereof to other competent minister(s), respectively, via any one of those competent ministers. In this case, the written application is deemed to have been submitted to other competent minister(s) as well, as of the day on which that competent minister receives it.
- (5) When the competent minister receives a submitted plan for new business activities pertaining to the application for approval of changes set forth in paragraph (2), examines the content thereof promptly in light of the provisions of Article 10, paragraph (4) of the Act, and decides to grant approval with regard to the plan for new business activities, the minister is to state as follows in the original copy of the written application pertaining to the approval of changes, sign and seal it and deliver it as a certificate to the approved implementer of new business activities, within one month in principle from the day of receiving the submitted plan:

"Pursuant to the provisions of Article 11, paragraph (1) of the Act on Strengthening Industrial Competitiveness, we hereby grant approval."

- (6) The implementation period of the plan for new business activities pertaining to the application for approval of changes set forth in paragraph (2) is not to

exceed five years, including the period during which the implementer carried out new business activities in accordance with the approved plan for new business activities before filing the application for approval of changes.

- (7) When the competent minister does not grant approval with regard to the changes set forth in paragraph (5), the minister is to deliver a written notice in Form 11 stating such fact and the grounds therefor to the approved implementer of new business activities.
- (8) When the competent minister has granted approval with regard to the changes set forth in paragraph (5), the minister is to publicize the date of the approval, the name of the approved implementer of new business activities and the content of the approved plan for new business activities by using Form 12.

(Direction of Changes to an Approved Plan for New Business Activities)

Article 10 When the competent minister directs changes to an approved plan for new business activities under Article 11, paragraph (3) of the Act, the minister is to deliver a document in Form 13 stating such fact and the grounds therefor to the approved implementer of new business activities subject to the direction of changes.

(Rescission of Approval of an Approved Plan for New Business Activities)

- Article 11 (1) When the competent minister rescinds approval of an approved plan for new business activities under Article 11, paragraph (2) or paragraph (3) of the Act, the minister is to deliver a document in Form 14 stating such fact and the grounds therefor to the approved implementer of new business activities whose approval is to be rescinded.
- (2) When the competent minister has rescinded approval of an approved plan for new business activities, the minister is to publicize the date of the rescission, the name of the person whose approval has been rescinded, and the grounds for the rescission by using Form 15.

### **Chapter III Facilitation of Corporate Restructuring**

#### **Section 1 Corporate Restructuring Plan**

(Application for Approval of a Corporate Restructuring Plan)

- Article 12 (1) A business which intends to obtain approval of a corporate restructuring plan under Article 24, paragraph (1) of the Act (referred to as the "applicant" in paragraph (1) of the following Article) must submit a written application in Form 16 and a copy thereof to the competent minister.
- (2) The written application and a copy thereof set forth in the preceding paragraph must be submitted together with the following documents:
    - (i) a copy of the articles of incorporation or the equivalent thereof of the

- business (when the corporate restructuring plan contains plans for the measures to be taken by affiliated businesses or affiliated foreign corporations already engaging in business for the purpose of corporate restructuring by the business, including the affiliated businesses or affiliated foreign corporations; hereinafter the same applies in this paragraph), and when the business has been registered, also a certificate of registered matters pertaining to the registration;
- (ii) a copy of the most recent business report, a copy of the sales ledger, a balance sheet, and a profit and loss statement of the business (when these documents are not prepared, their equivalent);
  - (iii) a document indicating that the productivity of the business will improve considerably by implementing the corporate restructuring plan;
  - (iv) a document indicating that the soundness of the financial conditions will improve considerably by implementing the corporate restructuring plan;
  - (v) a document stating the breakdown of the usage and procurement methods of funds that are necessary for the implementation of the corporate restructuring plan; and
  - (vi) a document evidencing that the corporate restructuring plan will not cause unreasonable damage to the state of the employees.
- (3) A business which intends to obtain approval of a corporate restructuring plan that includes a plan concerning funds that contributes to the smooth and reliable implementation of the corporate restructuring plan and involves a debt waiver (hereinafter referred to as a "financial plan pertaining to corporate restructuring" in this paragraph, Article 14, paragraph (3), and Article 54, paragraph (3)) must attach the following documents, in addition to the documents set forth in the items of the preceding paragraph:
- (i) a report pertaining to the financial plan pertaining to corporate restructuring by a certified public accountant (including a foreign certified public accountant prescribed in Article 16-2, paragraph (5) of the Certified Public Accountants Act (Act No. 103 of 1948); the same applies in Article 17, paragraph (3), item (i) and Article 54, paragraph (5)) or an audit corporation;
  - (ii) a document indicating the names of the corporate restructuring creditors (meaning creditors who agreed to the debt waiver that is stated in the financial plan pertaining to corporate restructuring; hereinafter the same applies in this paragraph and Article 54, paragraph (3)), the date of the loan agreement certificate and other causal certificates and the amount equivalent to the claim;
  - (iii) a document stating the amount of the debt waiver of the individual corporate restructuring creditors and the percentage of the debt waiver among the corporate restructuring creditors;
  - (iv) a document evidencing that there is a clear agreement pertaining to the

- debt waiver with the corporate restructuring creditors;
  - (v) a document indicating the implementation of measures for clarifying the responsibility of shareholders, including capital reduction and other measures; and
  - (vi) an inspection report by an expert (meaning a person who has expert knowledge and experience pertaining to laws, taxation, finance, corporate finance, asset evaluation, etc. pertaining to the plan which contains continuation and reconstruction of the business of a business whose debt is to be waived) pertaining to the plan which contains the continuation and reconstruction of the business of the business (referred to as the "reconstruction plan related to corporate restructuring" in Article 54, paragraph (3)).
- (4) The implementation period of the corporate restructuring plan pertaining to the application for approval set forth in paragraph (1) is not to exceed three years.

#### (Approval of a Corporate Restructuring Plan)

Article 13 (1) When the competent minister receives a submitted corporate restructuring plan under Article 24, paragraph (1) of the Act, examines the content thereof promptly in light of the provisions of paragraph (5) of the same Article, and decides to grant approval with regard to the corporate restructuring plan, the minister is to state as follows in the original copy of the written application pertaining to the approval, sign and seal it and deliver it as a certificate to the applicant, within one month in principle (excluding the cases where the competent minister consults with the Fair Trade Commission under Article 28, paragraph (1) of the Act) from the day of receiving the submitted plan:

"Pursuant to the provisions of Article 24, paragraph (1) of the Act on Strengthening Industrial Competitiveness, we hereby approve the applicant as a person who conducts corporate restructuring prescribed in Article 2, paragraph (11) of the same Act."

- (2) When the competent minister does not grant approval as set forth in the preceding paragraph, the minister is to deliver a written notice in Form 17 stating such fact and the grounds therefor to the applicant.
- (3) When the competent minister has granted approval as set forth in paragraph (1), the minister is to publicize the date of the approval, the name of the approved business conducting corporate restructuring and the content of the approved corporate restructuring plan by using Form 18.

#### (Application for Approval of Changes to an Approved Corporate Restructuring Plan and Approval Thereof)

Article 14 (1) Minor changes that do not involve changes to the purpose of the approved corporate restructuring plan do not require the approval set forth in Article 25, paragraph (1) of the Act.

(2) An approved business conducting corporate restructuring who intends to obtain approval of changes to a corporate restructuring plan under Article 25, paragraph (1) of the Act must submit a written application in Form 19 and a copy thereof to the competent minister.

(3) The written application and a copy thereof set forth in the preceding paragraph must be submitted together with a copy of the approved corporate restructuring plan (when the corporate restructuring plan after the change newly includes a financial plan pertaining to corporate restructuring, a copy of the approved corporate restructuring plan and the documents set forth in the items of Article 12, paragraph (3)).

(4) The implementation period of the corporate restructuring plan pertaining to the application for approval of changes set forth in paragraph (2) is not to exceed three years, including the period during which the business conducted corporate restructuring in accordance with the approved corporate restructuring plan before filing the application for approval of changes.

(5) When the competent minister receives a submitted corporate restructuring plan pertaining to the application for approval of changes set forth in paragraph (2), examines the content thereof promptly in light of the provisions of Article 24, paragraph (5) of the Act, and decides to grant approval with regard to the corporate restructuring plan, the minister is to state as follows in the original copy of the written application pertaining to the approval of changes, sign and seal it and deliver it as a certificate to the approved business conducting corporate restructuring, within one month in principle (excluding the cases where the competent minister consults with the Fair Trade Commission under Article 28, paragraph (1) of the Act) from the day of receiving the submitted plan:

"Pursuant to the provisions of Article 25, paragraph (1) of the Act on Strengthening Industrial Competitiveness, we hereby grant approval."

(6) When the competent minister does not grant approval as set forth in the preceding paragraph, the minister is to deliver a written notice in Form 20 stating such fact and the grounds therefor to the approved business conducting corporate restructuring.

(7) When the competent minister has granted approval with regard to the changes set forth in paragraph (5), the minister is to publicize the date of the approval, the name of the approved business conducting corporate restructuring and the content of the approved corporate restructuring plan by using Form 21.

(Direction of Changes to an Approved Corporate Restructuring Plan)

Article 15 When the competent minister directs changes to an approved corporate restructuring plan under Article 25, paragraph (3) of the Act, the minister is to deliver a document in Form 22 stating such fact and the grounds therefor to the approved business conducting corporate restructuring subject to the direction of changes.

(Rescission of Approval of an Approved Corporate Restructuring Plan)

Article 16 (1) When the competent minister rescinds approval of an approved corporate restructuring plan under Article 25, paragraph (2) or paragraph (3) of the Act, the minister is to deliver a document in Form 23 stating such fact and the grounds therefor to the approved business conducting corporate restructuring whose approval is to be rescinded.

(2) When the competent minister has rescinded approval of an approved corporate restructuring plan, the minister is to publicize the date of the rescission, the name of the business whose approval has been rescinded, and the grounds for the rescission by using Form 24.

## **Section 2 Specified Corporate Restructuring Plan**

(Application for Approval of a Specified Corporate Restructuring Plan)

Article 17 (1) Two or more businesses who intend to obtain approval of a specified corporate restructuring plan under Article 26, paragraph (1) of the Act (referred to as the "applicants" in paragraph (1) of the following Article) must submit a written application in Form 25 and a copy thereof to the competent minister.

- (2) The written application and a copy thereof set forth in the preceding paragraph must be submitted together with the following documents:
- (i) a copy of the articles of incorporation or the equivalent thereof of the businesses (when the specified corporate restructuring plan contains plans for the measures to be taken by wholly owned subsidiary companies already engaging in business for the purpose of the specified corporate restructuring by the businesses, including the wholly owned subsidiary companies; hereinafter the same applies in this paragraph), and when the businesses have been registered, also a certificate of registered matters pertaining to the registration;
  - (ii) a copy of the most recent business report, a copy of the sales ledger, a balance sheet, and a profit and loss statement of each of those businesses (when these documents are not prepared, their equivalent);
  - (iii) a document indicating that the productivity of the businesses will improve considerably by implementing the specified corporate restructuring plan;

- (iv) a document indicating that the soundness of the financial conditions will improve considerably by implementing the specified corporate restructuring plan;
  - (v) a document indicating that the businesses will combine their management resources effectively and use such resources integrally;
  - (vi) a document stating the breakdown of the usage and procurement methods of funds that are necessary for the implementation of the specified corporate restructuring plan; and
  - (vii) a document evidencing that the specified corporate restructuring plan will not cause unreasonable damage to the state of the employees.
- (3) Businesses which intend to obtain approval of a specified corporate restructuring plan that includes a plan concerning funds that contributes to the smooth and reliable implementation of the specified corporate restructuring plan and involves a debt waiver (hereinafter referred to as a "financial plan pertaining to specified corporate restructuring" in this paragraph, Article 19, paragraph (3), and Article 54, paragraph (3)) must attach the following documents, in addition to the documents set forth in the items of the preceding paragraph:
- (i) a report pertaining to the financial plan pertaining to specified corporate restructuring by a certified public accountant or an audit corporation;
  - (ii) a document indicating the names of the specified corporate restructuring creditors (meaning creditors who agreed to the debt waiver that is stated in the financial plan pertaining to specified corporate restructuring; hereinafter the same applies in this paragraph and Article 54, paragraph (3)), the date of the loan agreement certificate and other causal certificates and the amount equivalent to the claim;
  - (iii) a document stating the amount of the debt waiver of the individual specified corporate restructuring creditors and the percentage of the debt waiver among the specified corporate restructuring creditors;
  - (iv) a document evidencing that there is a clear agreement pertaining to the debt waiver with the specified corporate restructuring creditors;
  - (v) a document indicating the implementation of measures for clarifying the responsibility of shareholders, including capital reduction and other measures; and
  - (vi) an inspection report by an expert (meaning a person who has expert knowledge and experience pertaining to laws, taxation, finance, corporate finance, asset evaluation, etc. pertaining to the plan which contains continuation and reconstruction of the business of a business whose debt is to be waived) pertaining to the plan which contains the continuation and reconstruction of the business of the businesses (referred to as the "reconstruction plan related to specified corporate restructuring" in Article

54, paragraph (3)).

- (4) The implementation period of the specified corporate restructuring plan pertaining to the application for approval set forth in paragraph (1) is to be ten years.

(Approval of a Specified Corporate Restructuring Plan)

Article 18 (1) When the competent minister receives a submitted specified corporate restructuring plan under Article 26, paragraph (1) of the Act, examines the content thereof promptly in light of the provisions of paragraph (4) of the same Article, and decides to grant approval with regard to the specified corporate restructuring plan, the minister is to state as follows in the original copy of the written application pertaining to the approval, sign and seal it and deliver it as a certificate to the applicants, within one month in principle (excluding the cases where the competent minister consults with the Fair Trade Commission under Article 28, paragraph (1) of the Act) from the day of receiving the submitted plan:

"Pursuant to the provisions of Article 26, paragraph (1) of the Act on Strengthening Industrial Competitiveness, we hereby approve the applicants as persons who conduct specified corporate restructuring prescribed in Article 2, paragraph (12) of the same Act."

- (2) When the competent minister does not grant approval as set forth in the preceding paragraph, the minister is to deliver a written notice in Form 26 stating such fact and the grounds therefor to the applicants.
- (3) When the competent minister has granted approval as set forth in paragraph (1), the minister is to publicize the date of the approval, the name of the approved businesses conducting specified corporate restructuring and the content of the approved specified corporate restructuring plan by using Form 27.

(Application for Approval of Changes to an Approved Specified Corporate Restructuring Plan and Approval Thereof)

Article 19 (1) Minor changes that do not involve changes to the purpose of the approved specified corporate restructuring plan do not require the approval set forth in Article 27, paragraph (1) of the Act.

- (2) Approved businesses conducting specified corporate restructuring who intend to obtain approval of changes to a specified corporate restructuring plan under Article 27, paragraph (1) of the Act must submit a written application in Form 28 and a copy thereof to the competent minister.
- (3) The written application and a copy thereof set forth in the preceding paragraph must be submitted together with a copy of the approved specified corporate restructuring plan (when the specified corporate restructuring plan



after the change newly includes a financial plan pertaining to specified corporate restructuring, a copy of the approved specified corporate restructuring plan and the documents set forth in the items of Article 17, paragraph (3)).

- (4) The implementation period of the specified corporate restructuring plan pertaining to the application for approval of changes set forth in paragraph (2) is to be ten years, including the period during which the businesses conducted specified corporate restructuring in accordance with the approved specified corporate restructuring plan before filing the application for approval of changes.
- (5) When the competent minister receives a submitted specified corporate restructuring plan pertaining to the application for approval of changes set forth in paragraph (2), examines the content thereof promptly in light of the provisions of Article 26, paragraph (4) of the Act, and decides to grant approval of the changes with regard to the specified corporate restructuring plan, the minister is to state as follows in the original copy of the written application pertaining to the approval of changes, sign and seal it and deliver it as a certificate to the approved businesses conducting specified corporate restructuring, within one month in principle (excluding the cases where the competent minister consults with the Fair Trade Commission under Article 28, paragraph (1) of the Act) from the day of receiving the submitted plan:

"Pursuant to the provisions of Article 27, paragraph (1) of the Act on Strengthening Industrial Competitiveness we hereby grant approval."
- (6) When the competent minister does not grant approval as set forth in the preceding paragraph, the minister is to deliver a written notice in Form 29 stating such fact and the grounds therefor to the approved businesses conducting specified corporate restructuring.
- (7) When the competent minister has granted approval with regard to the changes set forth in paragraph (5), the minister is to publicize the date of the approval, the name of the approved businesses conducting specified corporate restructuring and the content of the approved specified corporate restructuring plan by using Form 30.

(Direction of Changes to an Approved Specified Corporate Restructuring Plan)  
Article 20 When the competent minister directs changes to an approved specified corporate restructuring plan under Article 27, paragraph (3) of the Act, the minister is to deliver a document in Form 31 stating such fact and the grounds therefor to the approved businesses conducting specified corporate restructuring subject to the direction of changes.

(Rescission of Approval of an Approved Specified Corporate Restructuring

Plan)

- Article 21 (1) When the competent minister rescinds approval of an approved specified corporate restructuring plan under Article 27, paragraph (2) or paragraph (3) of the Act, the minister is to deliver a document in Form 32 stating such fact and the grounds therefor to the approved businesses conducting specified corporate restructuring whose approval is to be rescinded.
- (2) When the competent minister has rescinded approval of an approved specified corporate restructuring plan, the minister is to publicize the date of the rescission, the name of the businesses whose approval has been rescinded, and the grounds for the rescission by using Form 33.

### **Section 3 Special Measures**

(Application for Approval Pertaining to Special Provisions Concerning the Consolidation of Shares)

- Article 22 When a business intends to obtain approval (including approval of changes) of a corporate restructuring plan or a specified corporate restructuring plan for which special measures under Article 33, paragraph (1) of the Act may be applied, the business must attach a document indicating that the consolidation of shares undertaken at the same time as the reduction in the amount of stated capital, capital reserves, or retained earnings reserves (referred to as "stated capital, etc." in item (i)) falls under both of the items of Article 33, paragraph (1) of the Act, in addition to documents set forth in the items of Article 12, paragraph (2) or Article 14, paragraph (3), or in the items of Article 17, paragraph (2) or Article 19, paragraph (3). In this case, the document must contain the following matters:
- (i) the content of the consolidation of shares undertaken at the same time as the reduction in the amount of stated capital, etc.; and
  - (ii) the content of the reduction or discontinuation of the number of shares for one unit of shares.

(Corporations Specified by Order of the Competent Ministry as Those Equivalent to Stock Companies All of Whose Issued Shares Are Held by the Company)

- Article 23 (1) Corporations specified by order of the competent ministry as set forth in Article 34, paragraph (1) of the Act are any of the following:
- (i) a corporation (excluding a stock company) or a foreign corporation all of whose equity is held by a stock company that is an approved business conducting corporate restructuring set forth in Article 34, paragraph (1) of the Act; or
  - (ii) a corporation or a foreign corporation all of whose equity is held by a stock

- company that is an approved business conducting corporate restructuring set forth in Article 34, paragraph (1) of the Act and a specified wholly owned subsidiary corporation (meaning a stock company all of whose issued shares are held by a stock company that is the approved business conducting corporate restructuring, and the corporation and foreign corporation set forth in the preceding item; hereinafter the same applies in this item and the following paragraph) or by a specified wholly owned subsidiary corporation.
- (2) With regard to the application of provisions of item (ii) of the preceding paragraph, the corporation or foreign corporation set forth in the same item is deemed as a specified wholly owned subsidiary corporation.

(Cases Where a Notice of Subscription Requirements Is Not Required)

Article 24 The cases specified by order of the competent ministry prescribed in Article 140, paragraph (2) of the Act, which is prescribed in Article 201, paragraph (5) of the Companies Act (Act No. 86 of 2005) as applied by replacing the phrases, pursuant to the provisions of Article 34, paragraph (1) of the Act, are cases where a stock company that is an approved business conducting corporate restructuring has submitted the following documents (limited to those that contain matters equivalent to the subscription requirements prescribed in Article 201, paragraph (3) of the Companies Act) by two weeks prior to the date as prescribed in the same paragraph based on the provisions of the Financial Instruments and Exchange Act (Act No. 25 of 1948) (including cases where the matters to be stated in the documents are provided by electronic or magnetic means based on the provisions of the same Act) and when the documents are made available for public inspection continuously from the day two weeks before the date until the date by the Prime Minister based on the provisions of the same Act:

- (i) a written notice set forth in Article 5, paragraph (1) of the Financial Instruments and Exchange Act (including an amendment notice set forth in Article 7, paragraph (1) of the same Act) in the case of making a notification as set forth in Article 4, paragraph (1) through paragraph (3) of the same Act;
- (ii) a shelf registration statement set forth in Article 23-3, paragraph (1) of the Financial Instruments and Exchange Act and shelf registration supplements set forth in Article 23-8, paragraph (1) of the same Act (including an amended shelf registration statement set forth in Article 23-4, paragraph (1) of the same Act);
- (iii) an annual securities report set forth in Article 24, paragraph (1) of the Financial Instruments and Exchange Act (including an amendment report set forth in Article 24-2, paragraph (1) of the same Act);
- (iv) a quarterly securities report set forth in Article 24-4-7, paragraph (1) of the

- Financial Instruments and Exchange Act (including an amendment report set forth in paragraph (4) of the same Article);
- (v) a semiannual securities report set forth in Article 24-5, paragraph (1) of the Financial Instruments and Exchange Act (including an amendment report set forth in paragraph (5) of the same Article); and
- (vi) an extraordinary report set forth in Article 24-5, paragraph (4) of the Financial Instruments and Exchange Act (including an amendment report set forth in paragraph (5) of the same Article).

(Amount of Stated Capital)

Article 25 (1) The amount specified by order of the competent ministry prescribed in Article 445, paragraph (1) of the Companies Act as applied by replacing the phrases, pursuant to the provisions of Article 34, paragraph (1) of the Act (hereinafter the amount is referred to as the "increase limit of stated capital, etc." in this paragraph) is the amount that is obtained by first deducting the amount set forth in item (ii) from the amount set forth in item (i) and multiplying the remaining amount by the share issuance ratio (meaning the ratio obtained by dividing the number of shares to be issued under Article 34, paragraph (1) of the Act by the sum of the number of shares to be issued under the same paragraph and the number of treasury shares to be disposed; hereinafter the same applies in this paragraph and the following paragraph), and then deducting the amount set forth in item (iii) from the amount thus obtained (when the final amount is less than zero, the increase limit of stated capital, etc. is to be zero):

(i) the value of specified shares, etc. that are delivered at the issuance of shares or the disposition of treasury shares under Article 34, paragraph (1) of the Act at the date set forth in Article 199, paragraph (1), item (iv) of the Companies Act as applied by replacing the phrases, pursuant to the provisions of Article 34, paragraph (1) of the Act (if the period set forth in Article 199, paragraph (1), item (iv) of the Companies Act is specified, the day when specified shares, etc. are delivered under Article 208, paragraph (2) of the Companies Act as applied by replacing the phrases, pursuant to the provisions of Article 34, paragraph (1) of the Act) (as to the specified shares, etc. in the cases set forth in (a) or (b) below, the value specified therein):

(a) when the stock company and a person who delivered the specified shares, etc. are in a relationship under common control (meaning the relationship under common control as prescribed in Article 2, paragraph (3), item (xxxii) of the Regulation of Corporate Accounting (Ministry of Justice Order No. 13 of 2006)) (excluding cases where the specified shares, etc. should be market-priced): the book value immediately before the delivery recorded by the person who delivered the specified shares, etc.; or

- (b) in cases other than those set forth in (a) above and where it is not appropriate to calculate the increase limit of stated capital, etc. based on the value of the delivered specified shares, etc.: the book value specified in (a) above;
- (ii) the amount specified by a stock company that is the approved business conducting corporate restructuring as the amount to be deducted from the increase limit of stated capital, etc. out of the amount of costs pertaining to the delivery of shares for subscription as matters set forth in Article 199, paragraph (1), item (v) of the Companies Act;
- (iii) when the amount obtained by deducting the amount set forth in (b) below from the amount set forth in (a) below is zero or more, the amount:
  - (a) the book value of treasury shares to be disposed under Article 34, paragraph (1) of the Act;
  - (b) the amount obtained by first deducting the amount set forth in the preceding item from the amount set forth in item (i) (when the remaining amount is less than zero, the relevant amount is to be zero), and then multiplying the remaining amount by the treasury share disposition ratio (meaning the ratio obtained by deducting the share issuance ratio from 1; hereinafter the same applies in this Article).
- (2) In the case set forth in the preceding paragraph, the amount set forth in the following items after the issuance of shares or the disposition of treasury shares under Article 34, paragraph (1) of the Act is to be the amount obtained by adding the amount specified in those items to the amount immediately before the issuance of shares or the disposition of treasury shares under the same paragraph:
  - (i) the amount of other capital surplus: the amount obtained by deducting the amount set forth in (c) below from the sum of the amounts set forth in (a) and (b) below:
    - (a) the amount obtained by first deducting the amount set forth in item (ii) of the preceding paragraph from the amount set forth in item (i) of the same paragraph, and then multiplying the remaining amount by the treasury shares disposition ratio;
    - (b) the following amount, whichever is smaller:
      1. the amount set forth in item (iii) of the preceding paragraph; or
      2. the amount obtained by first deducting the amount set forth in item (ii) of the preceding paragraph from the amount set forth in item (i) of the same paragraph, and then multiplying the remaining amount by the share issuance ratio (when the final amount is less than zero, the relevant amount is to be zero);
  - (c) the book value of treasury shares to be disposed under Article 34, paragraph (1) of the Act; and

- (ii) the amount of other accumulated profit: when the amount obtained by deducting the amount set forth in item (ii) of the preceding paragraph from the amount set forth in item (i) of the same paragraph is less than zero, the amount obtained by multiplying the amount by the share issuance ratio.
- (3) In the case set forth in paragraph (1), the amount of consideration for treasury shares (meaning the amount of the consideration received in exchange for such treasury shares prescribed in Article 150, paragraph (2), item (viii) and Article 158, item (viii), (b) of the Regulation of Corporate Accounting and Article 446, item (ii) and Article 461, paragraph (2), item (ii), (b) and item (iv) of the Companies Act; the same applies in the following paragraph) is to be the amount obtained by first deducting the amount set forth in paragraph (1), item (ii) from the value set forth in item (i) of the same paragraph, and then multiplying the remaining amount by the treasury share disposition ratio.
- (4) With regard to the application of the provisions of Article 150, paragraph (2), item (viii) and Article 158, item (viii), (b) of the Regulation of Corporate Accounting and Article 446, item (ii) and Article 461, paragraph (2), item (ii), (b) and item (iv) of the Companies Act, the amount set forth in paragraph (2), item (i), (b) is also deemed to be included in the amount of consideration for treasury shares.
- (5) The generally accepted corporate accounting and other corporate accounting practices must be taken into consideration for the interpretation of the terms as used in this Article and the application of the provisions of this Article.

(The Amount of Net Assets)

Article 26 The method specified by order of the competent minister prescribed in Article 140, paragraph (2) of the Act, which is prescribed in Article 796, paragraph (3), item (ii) of the Companies Act as applied *mutatis mutandis* pursuant to Article 34, paragraph (3) of the Act following the deemed replacement of terms is the method in which the amount of the net assets of a stock company that is an approved business conducting corporate restructuring is deemed to be the amount obtained by deducting the amount set forth in item (vii) from the sum of the amounts set forth in item (i) through item (vi) on the calculation date (meaning the day on which the subscription requirements (meaning the subscription requirements prescribed in Article 199, paragraph (2) of the Companies Act) pertaining to issuance of shares or disposition of treasury shares prescribed in Article 34, paragraph (1) of the Act are determined (if a different time from the day on which the subscription requirements are determined (limited to a time during the period after the day on which the subscription requirements are determined until the date set forth in Article 199, paragraph (1), item (iv) of the Companies Act as applied by replacing the phrases, pursuant to the provisions of Article 34, paragraph (1) of

the Act or until the first day of the period set forth in the same item) is specified, the time)) (when the obtained amount is less than five million yen, the relevant amount is to be five million yen):

- (i) the amount of stated capital;
- (ii) the amount of capital reserves;
- (iii) the amount of retained earnings reserves;
- (iv) the amount of surplus prescribed in Article 446 of the Companies Act;
- (v) the amount pertaining to the value/conversion difference on the last day of the most recent business year (in the case set forth in Article 461, paragraph (2), item (ii) of the Companies Act, the period set forth in Article 441, paragraph (1), item (ii) of the same Act (if there are two or more of the periods, the one whose last day is the latest)) (if there is no most recent business year, the day when the stock company that is the approved business conducting corporate restructuring is established);
- (vi) the book value of share options;
- (vii) the sum of book values of treasury shares and own share options.

(The Number of Shares)

Article 27 The number specified by order of the competent ministry prescribed in Article 796, paragraph (4) of the Companies Act as applied *mutatis mutandis* pursuant to Article 34, paragraph (3) of the Act following the deemed replacement of terms is the following number, whichever is smaller:

- (i) the number adding one to the number obtained by first multiplying the total number of specified shares (meaning shares for which a voting right may be executed in the shareholders meeting pertaining to the act set forth in Article 796, paragraph (4) of the Companies Act as applied *mutatis mutandis* pursuant to Article 34, paragraph (3) of the Act following the deemed replacement of terms; hereinafter the same applies in this Article) by one half (when the articles of incorporation provide that shareholders who hold voting rights at a certain percentage or more of total number of voting rights of the specified shares must attend the shareholders meeting as a requirement for adopting resolutions in the shareholders meeting, by the certain percentage), and then multiplying the obtained number by one third (when the articles of incorporation provide that a majority of a certain percentage or more of total number of voting rights held by the specified shareholders (meaning shareholders of specified shares; hereinafter the same applies in this Article) who attended the shareholders meeting must be exercised affirmatively as a requirement for adopting resolutions in the shareholders meeting, by the percentage obtained by deducting the certain percentage from 1);
- (ii) when the articles of incorporation provide that a certain number or more of

specified shareholders' agreements is required as a requirement for adopting resolutions pertaining to the act set forth in Article 796, paragraph (4) of the Companies Act as applied mutatis mutandis pursuant to Article 34, paragraph (3) of the Act following the deemed replacement of terms, the number of specified shares held by specified shareholders who stated their disagreement with the act when the number obtained by deducting the number of specified shareholders who stated their disagreement with the act to a stock company from the total number of specified shareholders is less than the certain number;

- (iii) when the articles of incorporation contain provisions other than those set forth in the preceding two items as a requirement for adopting resolutions pertaining to the act set forth in Article 796, paragraph (4) of the Companies Act as applied mutatis mutandis pursuant to Article 34, paragraph (3) of the Act following the deemed replacement of terms, the number of specified shares held by specified shareholders who stated their disagreement with the act when the resolution will not be adopted if all of the specified shareholders who stated their disagreement with the act disagree in the shareholders meeting as prescribed in Article 796, paragraph (4) of the Companies Act; or
- (iv) the number specified in the articles of incorporation.

(Application for Approval Pertaining to Special Provisions Concerning the Issuance of Shares or Disposal of Treasury Shares upon a Tender Offer in Exchange for Shares)

Article 28 (1) A business which intends to obtain approval (including approval of changes) of a corporate restructuring plan for which special measures under Article 34, paragraph (1) of the Act may be applied must attach a document stating matters concerning the appropriateness of the consideration of the specified tender offer (meaning a tender offer (including its equivalent in a foreign country) in which shares to be issued or treasury shares to be disposed under Article 34, paragraph (1) of the Act are delivered as consideration for the purchase), in addition to documents set forth in the items of Article 12, paragraph (2) or Article 14, paragraph (3).

- (2) When an approved corporate restructuring plan includes the content concerning the issuance of shares or disposition of treasury shares set forth in Article 34, paragraph (1) of the Act, the competent minister is to publicize the documents set forth in the preceding paragraph.

(Application for Approval Pertaining to Special Provisions Concerning the Issuance and Acquisition of Shares Subject to Class-Wide Call)

Article 29 (1) An approved business conducting corporate restructuring who



intends to obtain approval set forth in Article 35, paragraph (1) of the Act must submit, to the competent minister who approved the corporate restructuring plan of the approved business conducting corporate restructuring, a written application in Form 34 and a copy thereof, a copy of an evaluation report or written opinion of a third person who has considerable knowledge on the valuation of shares that is used as a reference for calculating the price of the purchase, etc. prescribed in item (ii) of the same paragraph, or a copy of their equivalent, and a copy of the articles of incorporation of other stock companies set forth in the same paragraph.

- (2) A copy of the approved corporate restructuring plan must be attached to the written application and a copy thereof set forth in the preceding paragraph.

(Approval Pertaining to Special Provisions Concerning the Issuance and Acquisition of Shares Subject to Class-Wide Call)

Article 30 (1) When the competent minister receives submitted documents under paragraph (1) of the preceding Article, examines the content thereof in light of the provisions of the items of Article 35, paragraph (1) of the Act, and decides to grant approval set forth in the same paragraph, the minister is to state as follows in the original copy of the written application pertaining to the approval, sign and seal it and deliver it as a certificate to the approved business conducting corporate restructuring who is an applicant, within one month in principle from the day of receiving the submitted documents:

"Pursuant to the provisions of Article 35, paragraph (1) of the Act on Strengthening Industrial Competitiveness, we hereby grant approval."

- (2) When the competent minister does not grant approval set forth in the preceding paragraph, the minister is to deliver a written notice in Form 35 stating such fact and the grounds therefor to the approved business conducting corporate restructuring.
- (3) When the competent minister intends to grant approval set forth in paragraph (1), the minister is to confirm whether the approved business conducting corporate restructuring will acquire all of the shares subject to class-wide call set forth in Article 35, paragraph (1) of the Act within three months from the last day of a tender offer period pertaining to the tender offer set forth in the same paragraph.
- (4) When the competent minister has granted approval set forth in paragraph (1), the minister is to publicize the details of changes to the articles of incorporation that are necessary for the issuance of shares subject to class-wide call as set forth in Article 35, paragraph (1) of the Act and provisions on the matters set forth in the items of Article 171, paragraph (1) of the Companies Act by using Form 36, together with a copy of an evaluation report or written opinion of a third person who has considerable knowledge on the

valuation of shares that is used as a reference for calculating the price of the purchase, etc. prescribed in Article 35, paragraph (1), item (ii) of the Act, or a copy of their equivalent, and a copy of the articles of incorporation of other stock companies set forth in the same paragraph.

(Policies for Undertaking Business Operations to Facilitate Corporates  
Restructuring Promotion)

Article 31 The policies for undertaking business operations to facilitate corporate restructuring promotion set forth in Article 40, paragraph (1) of the Act are to specify the following matters:

- (i) matters concerning a system for undertaking business operations to facilitate corporate restructuring promotion;
- (ii) the following matters concerning business operations to facilitate corporate restructuring promotion:
  - (a) subject of the loan;
  - (b) method of the loan;
  - (c) interest rate;
  - (d) due date of the loan;
  - (e) grace period;
  - (f) method of repayment; and
  - (g) matters concerning the loan, beyond those set forth in (a) through (f) above;
- (iii) matters concerning conditions of the loan subject to the provision of credit through business operations to facilitate corporate restructuring promotion; and
- (iv) beyond those set forth in the preceding three items, matters necessary for undertaking business operations to facilitate corporate restructuring promotion effectively and efficiently.

(Application for Designation of a Designated Financial Institution)

Article 32 (1) A person who intends to receive designation under Article 41, paragraph (2) of the Act (hereinafter referred to as the "Applicant for Designation") must submit a written application in Form 37 to the competent minister, together with the following documents:

- (i) the articles of incorporation and a certificate of registered matters;
- (ii) a document evidencing the decision of the intention pertaining to the application;
- (iii) a document stating the names and brief biographical outlines of officers;
- (iv) a document evidencing that the applicant for designation has obtained a license, authorization, approval of the administrative agency as a financial institution set forth in Article 41, paragraph (1), item (i) of the Act or their

equivalent (hereinafter referred to as "license, etc." in this item), a document clarifying the state of the application for the license, etc., or a document in lieu of these documents;

- (v) a document pledging that the Applicant for Designation does not fall under the items of Article 41, paragraph (4) of the Act; and
  - (vi) a document in which the officers pledge that they fall under neither (a) nor (b) of Article 41, paragraph (4), item (iii) of the Act.
- (2) When designating a designated financial institution under Article 41, paragraph (1) of the Act, the competent minister may have the applicant for designation submit necessary documents beyond the documents set forth in the items of the preceding paragraph.

(Matters to Be Stated in the Business Regulations)

Article 33 The matters specified by order of the competent ministry as set forth in Article 41, paragraph (3) of the Act are as follows:

- (i) matters concerning a system for undertaking business operations to promote corporate restructuring:
  - (a) matters concerning the departments supervising business operations to promote corporate restructuring;
  - (b) matters concerning the personnel structure pertaining to business operations to promote corporate restructuring;
  - (c) matters concerning the implementation of audits pertaining to business operations to promote corporate restructuring;
  - (d) matters concerning the region for undertaking business operations to promote corporate restructuring; and
  - (e) matters concerning the establishment of the consultation office pertaining to business operations to promote corporate restructuring;
- (ii) matters concerning the means of implementing business operations to promote corporate restructuring:
  - (a) the person to whom the loan is provided;
  - (b) funds subject to the loan;
  - (c) limit amount of the loan; and
  - (d) matters concerning procedures and audits of the loan;
- (iii) matters concerning the content of the provision of credit through business operations to facilitate corporate restructuring promotion that is necessary for providing the loan;
- (iv) matters concerning the management of claims pertaining to business operations to promote corporate restructuring;
- (v) matters concerning the management of books pertaining to business operations to promote corporate restructuring;
- (vi) matters concerning the entrustment of business operations to promote

- corporate restructuring; and
- (vii) other matters concerning the undertaking of business operations to promote corporate restructuring.

(Notification of Changes of Trade Name of a Designated Financial Institution)

Article 34 A notification under Article 42, paragraph (2) of the Act must be filed by submitting a written notice in Form 38.

(Application for Changes to the Business Regulations)

Article 35 When a designated financial institution intends to obtain authorization of changes to its business regulations under Article 43, paragraph (1) of the Act, it must submit a written application in Form 39 to the competent minister, together with the following documents:

- (i) a comparative table presenting the provisions to be changed;
- (ii) the business regulations after the changes; and
- (iii) a document evidencing the decision of the intention pertaining to the changes.

(Matters to Be Specified in the Agreement)

Article 36 The matters specified by order of the competent ministry as set forth in Article 44, paragraph (1), item (iii) of the Act are as follows:

- (i) matters concerning the content and methods of business operations to promote corporate restructuring;
- (ii) matters concerning the content and methods of business operations to facilitate corporate restructuring promotion;
- (iii) matters concerning the management of claims pertaining to business operations to promote corporate restructuring; and
- (iv) other matters concerning the undertaking of business operations to promote corporate restructuring and business operations to facilitate corporate restructuring promotion.

(Bookkeeping)

Article 37 (1) The matters specified by order of the competent ministry as set forth in Article 45 of the Act are as follows:

- (i) state of the undertaking of business operations to promote corporate restructuring;
- (ii) state of claims pertaining to business operations to promote corporate restructuring; and
- (iii) state of the provision of credit through business operations to facilitate corporate restructuring promotion that has been obtained from the Finance Corporation for the purpose of undertaking business operations to promote

corporate restructuring.

- (2) When the matters set forth in the items of the preceding paragraph are recorded in a file or a magnetic disk stored on a computer and can be clearly displayed on paper as necessary by the relevant designated financial institution through the use of a computer or other device, the record may replace the entry in the book.
- (3) A designated financial institution must keep books (including the recorded file or magnetic disk under the preceding paragraph) for five years from the day on which the claims pertaining to business operations to promote corporate restructuring are extinguished due to payment or other grounds.

(Notification of Suspension or Discontinuation of Business Operations)

Article 38 When a designated financial institution intends to report the suspension or discontinuation of all or part of the business operations to promote corporate restructuring under Article 47, paragraph (1) of the Act, it must submit a written notice in Form 40 to the competent minister, together with the following documents:

- (i) a document evidencing the decision of the intention pertaining to the suspension or discontinuation; and
- (ii) in the case of discontinuing all or part of the business operations to promote corporate restructuring, a document stating the schedule until the discontinuation and a document stating dispositions after the discontinuation.

(Method of Application)

Article 39 The designated application form, written application for authorization, written notice and other documents to be submitted to the competent minister under Article 41, paragraph (2), Article 42, paragraph (2), Article 43, paragraph (1), and Article 47, paragraph (1) of the Act, and under Article 32, Article 34, Article 35, and the preceding Article may be completed by submitting one original form and a copy thereof either to the Minister of Finance or the Minister of Economy, Trade and Industry.

(Route of Notice in the Case of Notifying to the Prime Minister)

Article 40 When making a notification to the Prime Minister under Article 12 of the Order, the competent minister is to do so via the Commissioner of the Financial Services Agency.

**Chapter IV Support for Start-ups and Facilitation of SME Rehabilitation through Succession**  
**Section 1 Start-up Support Plan**

(Application for Approval of a Start-up Support Plan)

Article 41 (1) A municipality that intends to obtain approval of a start-up support plan under Article 113, paragraph (1) of the Act must submit a written application in Form 41 and a copy thereof to the competent minister via the Minister of Economy, Trade and Industry.

(2) When there is any start-up support undertaken by a general incorporated association or general incorporated foundation (hereinafter referred to as a "general incorporated association, etc." in this paragraph) in collaboration with a municipality's start-up support, the written application and a copy thereof set forth in the preceding paragraph must be submitted together with the following documents:

- (i) in the case of a general incorporated association, the articles of incorporation, a list of directors, and a list of members, and in the case of a general incorporated foundation, the articles of incorporation and a list of directors;
- (ii) business reports, balance sheets, and profit and loss statements for the latest three business terms (in the case of a general incorporated association, etc. for which three years have yet to elapse after its incorporation, these documents for each business year after its incorporation);
- (iii) a certificate of registered matters; and
- (iv) a document evidencing the decision of the intention pertaining to the undertaking of start-up support.

(3) When there is any start-up support undertaken by a specified nonprofit corporation prescribed in Article 2, paragraph (2) of the Act to Promote Specified Non-profit Activities (Act No. 7 of 1998) (hereinafter referred to as a "Specified Nonprofit Corporation") in collaboration with a municipality's start-up support, the written application and a copy thereof set forth in paragraph (1) must be submitted together with the following documents:

- (i) the articles of incorporation, a list of directors, and a list of members;
- (ii) business reports, balance sheets, and profit and loss statements for the latest three business terms (in the case of a Specified Nonprofit Corporation for which three years have yet to elapse after its incorporation, these documents for each business year after its incorporation), the most recent inventory of property, and the business plan and the budget statement for the business year that includes the date of the application;
- (iii) a certificate of registered matters; and
- (iv) a document evidencing the decision of the intention pertaining to the undertaking of start-up support.

(4) The implementation period of the start-up support plan pertaining to the application for approval set forth in paragraph (1) is not to exceed five years in

principle.

(Approval of a Start-up Support Plan)

Article 42 (1) When the competent minister receives a submitted start-up support plan under Article 113, paragraph (1) of the Act, examines the content thereof promptly in light of the provisions of paragraph (4) of the same Article, and decides to grant approval with regard to the start-up support plan, the minister is to state as follows in the original copy of the written application pertaining to the approval, sign and seal it and deliver it as a certificate to the relevant municipality, within one month in principle from the day of receiving the submitted plan:

"Pursuant to the provisions of Article 113, paragraph (1) of the Act on Strengthening Industrial Competitiveness, we hereby grant approval."

(2) When the competent minister does not grant approval as set forth in the preceding paragraph, the minister is to deliver a written notice in Form 42 stating such fact and the grounds therefor to the municipality.

(Application for Approval of Changes to an Approved Start-up Support Plan and Approval Thereof)

Article 43 (1) An approved municipality that intends to obtain approval of changes to a start-up support plan under Article 114, paragraph (1) of the Act must submit a written application in Form 43 and a copy thereof to the competent minister via the Minister of Economy, Trade and Industry.

(2) The written application and a copy thereof set forth in the preceding paragraph must be submitted together with a copy of the approved start-up support plan.

(3) The implementation period of the start-up support plan pertaining to the application for approval of changes set forth in paragraph (1) is not to exceed five years in principle, including the period during which the municipality undertook start-up support in accordance with the approved start-up support plan before filing the application for approval of changes.

(4) When the competent minister receives a submitted start-up support plan pertaining to the application for approval of changes set forth in paragraph (1), examines the content thereof promptly in light of the provisions of Article 113, paragraph (4) of the Act, and decides to grant approval with regard to the start-up support plan, the minister is to state as follows in the original copy of the written application pertaining to the approval of changes, sign and seal it and deliver it as a certificate to the approved municipality, within one month in principle from the day of receiving the submitted plan:

"Pursuant to the provisions of Article 114, paragraph (1) of the Act on Strengthening Industrial Competitiveness, we hereby grant approval."

- (5) When the competent minister does not grant approval as set forth in the preceding paragraph, the minister is to deliver a written notice in Form 44 stating such fact and the grounds therefor to the approved municipality.

(Direction of Changes to an Approved Start-up Support Plan)

Article 44 When the competent minister directs changes to an approved start-up support plan under Article 114, paragraph (3) of the Act, the minister is to deliver a document in Form 45 stating such fact and the grounds therefor to the approved municipality subject to the direction of changes.

(Rescission of Approval of an Approved Start-up Support Plan)

Article 45 When the competent minister rescinds approval of an approved start-up support plan under Article 114, paragraph (2) or paragraph (3) of the Act, the minister is to deliver a document in Form 46 stating such fact and the grounds therefor to the approved municipality whose approval is to be rescinded.

## **Section 2 Plan for SME Rehabilitation through Succession**

(Application for Approval of a Plan for SME Rehabilitation through Succession)

Article 46 (1) A specified small and medium-sized enterprise operator and a succeeding business (including those intending to establish a corporation that will become a succeeding business) who intend to obtain approval of a plan for SME rehabilitation through succession under Article 121, paragraph (1) of the Act (referred to as the "applicant(s)" in the following paragraph and paragraph (1) of the following Article) must submit a written application in Form 47 and a copy thereof to the competent minister via the Minister of Economy, Trade and Industry, on a conjoint basis (when a specified small and medium-sized enterprise operator intends to establish a corporation that will become a succeeding business, the specified small and medium-sized enterprise operator may act independently).

- (2) The written application and a copy thereof set forth in the preceding paragraph must be submitted together with the following documents; provided, however, that when a document evidencing that the requirement set forth in item (vi), (b) is satisfied is attached, documents set forth in item (x) through item (xii) are not required:

- (i) a copy of the articles of incorporation, the balance sheet, and the profit and loss statement of the most recent business year, and a list of directors or members of the applicant(s); if the applicant(s) has(have) been registered, a certificate of registered matters pertaining to the registration; and when the applicant(s) intend(s) to establish a corporation that will become a



- succeeding business, a copy of articles of incorporation, a list of incorporators, members, or founders, and a document stating the state and prospect of subscriptions of shares or contributions pertaining to the succeeding business to be established;
- (ii) the plan for the continuation and reconstruction of the business of the applicant(s) and an inspection report pertaining to the plan by an expert (meaning a person who has expert knowledge and experience concerning the laws, taxation, finance, corporate finance, asset evaluation, etc. pertaining to the plan);
  - (iii) a document indicating that financial conditions of a specified small and medium-sized enterprise operator included in the applicants are deteriorating;
  - (iv) a document indicating that the business of the succeeding business will be strengthened considerably by implementing the plan for SME rehabilitation through succession;
  - (v) a document stating the breakdown of the usage and procurement methods of funds necessary for implementing the plan for SME rehabilitation through succession;
  - (vi) a document evidencing that any of the following requirements is satisfied:
    - (a) the plan for SME rehabilitation through succession is prepared based on the instruction or advice of approved support institutions or based on specified certified dispute resolution procedures;
    - (b) the plan for SME rehabilitation through succession is prepared based on the rehabilitation plan prescribed in Article 2, item (iii) of the Civil Rehabilitation Act (Act No. 225 of 1999) (limited to those for which an order of confirmation of the rehabilitation plan under Article 174, paragraph (1) of the same Act becomes final and binding) or based on the reorganization plan prescribed in Article 2, paragraph (2) of the Corporate Reorganization Act (Act No. 154 of 2002) (limited to those for which an order of confirmation of the reorganization plan under Article 199, paragraph (1) of the same Act becomes final and binding); or
    - (c) beyond the requirements set forth in (a) and (b) above, the plan for SME rehabilitation through succession is prepared based on the rules on the procedures for the disposition of claims that are generally announced (excluding bankruptcy proceedings, reorganization proceedings pursuant to the provisions of the Act on Special Measures, etc. for Reorganization Proceedings for Financial Institutions, etc. (Act No. 95 of 1996) and special liquidation proceedings) (limited to the rules that are found to be fair and appropriate);
  - (vii) in accordance with the following categories of cases, a document specified respectively therein:

- (a) in the case of stating the state based on the specified permission, etc. in the plan for SME rehabilitation through succession: a document evidencing that the specified small and medium-sized enterprise operator holds the state; or
  - (b) in the case of not stating the state based on the specified permission, etc. in the plan for SME rehabilitation through succession and when the succeeding business holds a state based on the permission, etc. pertaining to the business succeeded to: a document evidencing that the succeeding business holds the state;
  - (viii) a document evidencing that the SME rehabilitation through succession pertaining to the plan for SME rehabilitation through succession will not significantly damage or reduce the management resources of the specified small and medium-sized enterprise operator pertaining to the business succeeded to by the succeeding business;
  - (ix) a document evidencing that the plan for SME rehabilitation through succession will not cause unreasonable damage to the state of employees;
  - (x) a document evidencing that the plan for SME rehabilitation through succession will not cause unreasonable damage to the interest of the business which is the counterparty of the transaction of the specified small and medium-sized enterprise operator;
  - (xi) a document indicating the names of the creditors, all or part of whose claims are extinguished due to the implementation of the plan for SME rehabilitation through succession, and the amount of claims held by the creditors; and
  - (xii) a document evidencing that agreement to the plan for SME rehabilitation through succession has been obtained from creditors, all or part of whose claims are extinguished due to the implementation of the plan.
- (3) The implementation period of the plan for SME rehabilitation through succession pertaining to the application for approval set forth in paragraph (1) is not to exceed five years in principle.

#### (Approval of a Plan for SME Rehabilitation through Succession)

Article 47 (1) When the competent minister receives a submitted plan for SME rehabilitation through succession under Article 121, paragraph (1) of the Act, examines the content thereof promptly in light of the provisions of paragraph (4) of the same Article, and decides to grant approval with regard to the plan for SME rehabilitation through succession, the minister is to state as follows in the original copy of the written application pertaining to the approval, sign and seal it and deliver it as a certificate to the applicant(s), within one month in principle from the day of receiving the submitted plan:

"Pursuant to the provisions of Article 121, paragraph (1) of the Act on

Strengthening Industrial Competitiveness, we hereby approve the applicant(s) as person(s) who conduct(s) SME rehabilitation through succession prescribed in Article 2, paragraph (29) of the same Act."

- (2) The period set forth in the preceding paragraph is not to include the period of consultation with the administrative agency that granted specified permission, etc. under Article 121, paragraph (5) of the Act and the period required to obtain its consent.
- (3) When the competent minister does not grant approval as set forth in paragraph (1), the minister is to deliver a written notice in Form 48 stating such fact and the grounds therefor to the applicant(s).

(Application for Approval of Changes to an Approved Plan for SME  
Rehabilitation through Succession and Approval Thereof)

Article 48 (1) An approved business conducting SME rehabilitation through succession who intends to obtain approval of changes to a plan for SME rehabilitation through succession under Article 122, paragraph (1) of the Act must submit a written application in Form 49 and a copy thereof to the competent minister via the Minister of Economy, Trade and Industry.

- (2) The written application and a copy thereof set forth in the preceding paragraph must be submitted together with a copy of the approved plan for SME rehabilitation through succession.
- (3) The implementation period of the plan for SME rehabilitation through succession pertaining to the application for approval of changes set forth in paragraph (1) is not to exceed five years in principle, including the period during which the business conducted SME rehabilitation through succession in accordance with the approved plan for SME rehabilitation through succession before filing the application for approval of changes.
- (4) When the competent minister receives a submitted plan for SME rehabilitation through succession pertaining to the application for approval of changes set forth in paragraph (1), examines the content thereof promptly in light of the provisions of Article 121, paragraph (4) of the Act, and decides to grant approval with regard to the plan for SME rehabilitation through succession, the minister is to state as follows in the original copy of the written application pertaining to the approval of changes, sign and seal it and deliver it as a certificate to the approved business conducting SME rehabilitation through succession, within one month in principle from the day of receiving the submitted plan:

"Pursuant to the provisions of Article 122, paragraph (1) of the Act on Strengthening Industrial Competitiveness, we hereby grant approval."

- (5) The period set forth in the preceding paragraph is not to include the period of consultation with the administrative agency under Article 122, paragraph (4)

of the Act and the period required to obtain its consent.

- (6) When the competent minister does not grant approval as set forth in paragraph (4), the minister is to deliver a written notice in Form 50 stating such fact and the grounds therefor to the approved business conducting SME rehabilitation through succession.

(Minor Changes)

Article 49 (1) The minor changes specified by order of the competent ministry as set forth in Article 122, paragraph (1) of the Act are as follows:

- (i) changes to the name or address of the approved business conducting SME rehabilitation through succession; and
  - (ii) beyond those set forth in the preceding item, any changes that the competent minister finds unlikely to impede the implementation of SME rehabilitation through succession.
- (2) An approved business conducting SME rehabilitation through succession who intends to make notification of minor changes to a plan for SME rehabilitation through succession under Article 122, paragraph (2) of the Act must submit a written notice in Form 51 to the competent minister via the Minister of Economy, Trade and Industry.

(Direction of Changes to an Approved Plan for SME Rehabilitation through Succession)

Article 50 When the competent minister directs changes to an approved plan for SME rehabilitation through succession under Article 122, paragraph (6) of the Act, the minister is to deliver a document in Form 52 stating such fact and the grounds therefor to the approved business conducting SME rehabilitation through succession subject to the direction of changes.

(Rescission of Approval of an Approved Plan for SME Rehabilitation through Succession)

Article 51 When the competent minister rescinds approval of an approved plan for SME rehabilitation through succession under Article 122, paragraph (5) or paragraph (6) of the Act, the minister is to deliver a document in Form 53 stating such fact and the grounds therefor to the approved business conducting SME rehabilitation through succession whose approval is to be rescinded.

(Report of Succession of Business and Notice to Administrative Agency)

Article 52 (1) The report under Article 123, paragraph (2) of the Act must be made by attaching the following documents to Form 54:

- (i) a copy of an absorption-type company split agreement, incorporation-type company split plan or business transfer agreement;

- (ii) a list of employees who engage in the business succeeded to by the succeeding business;
  - (iii) a copy of the accounting books of the succeeding business; and
  - (iv) other documents that the competent minister finds necessary.
- (2) The notification under Article 123, paragraph (3) of the Act must be made by attaching the documents set forth in the preceding paragraph.

## **Chapter V Miscellaneous Provisions**

(Delegation of Authority Concerning a Start-up Support Plan or a Plan for SME Rehabilitation through Succession)

- Article 53 (1) The authority of the Minister of Internal Affairs and Communications concerning a plan for SME rehabilitation through succession is to be delegated to the director of the relevant Regional Bureau of Telecommunications who has jurisdiction over the location of the principal office of the specified small and medium-sized enterprise operator of the plan for SME rehabilitation through succession (including the director of the Okinawa Bureau of Telecommunications); provided, however, that this does not preclude the Minister of Internal Affairs and Communications from exercising the authority.
- (2) The authority of the Minister of Finance set forth in the following items is to be delegated to the directors of Local Finance Bureaus specified therein (when the office is in the jurisdictional district of the Fukuoka Local Finance Branch Bureau, the director of the Fukuoka Local Finance Branch Bureau; hereinafter the same applies in this paragraph) or the directors of Regional Taxation Bureaus (including the director of the Okinawa Regional Taxation Office; hereinafter the same applies in this paragraph); provided, however, that this does not preclude the Minister of Finance from exercising the authority:
- (i) the authority of the Minister of Finance concerning a start-up support plan: the director of the Local Finance Bureau or the director of the Regional Taxation Bureau who has jurisdiction over the area in the municipality covered by the start-up support plan;
  - (ii) the authority of the Minister of Finance concerning a plan for SME rehabilitation through succession: the director of the Local Finance Bureau or the director of the Regional Taxation Bureau who has jurisdiction over the location of the principal office of the specified small and medium-sized enterprise operator of the plan for SME rehabilitation through succession.
- (3) The authority of the Minister of Health, Labour and Welfare set forth in the following items is to be delegated to the directors of Regional Bureaus of Health and Welfare specified therein (when the office is in the jurisdictional district of the Shikoku Regional Bureau of Health and Welfare, the director of

the Shikoku Regional Bureau of Health and Welfare; hereinafter the same applies in this paragraph); provided, however, that this does not preclude the Minister of Health, Labour and Welfare from exercising the authority:

- (i) the authority of the Minister of Health, Labour and Welfare concerning a start-up support plan: the director of the Regional Bureau of Health and Welfare who has jurisdiction over the area in the municipality covered by the start-up support plan;
  - (ii) the authority of the Minister of Health, Labour and Welfare concerning a plan for SME rehabilitation through succession: the director of the Regional Bureau of Health and Welfare who has jurisdiction over the location of the principal office of the specified small and medium-sized enterprise operator of the plan for SME rehabilitation through succession.
- (4) The authority of the Minister of Agriculture, Forestry and Fisheries set forth in the following items is to be delegated to the directors of Regional Agricultural Administration Offices specified therein (including the director of the Hokkaido District Agriculture Office; hereinafter the same applies in this paragraph); provided, however, that this does not preclude the Minister of Agriculture, Forestry and Fisheries from exercising the authority:
- (i) the authority of the Minister of Agriculture, Forestry and Fisheries concerning a start-up support plan: the director of the Regional Agricultural Administration Office who has jurisdiction over the area in the municipality covered by the start-up support plan;
  - (ii) the authority of the Minister of Agriculture, Forestry and Fisheries concerning a plan for SME rehabilitation through succession: the director of the Regional Agricultural Administration Office who has jurisdiction over the location of the principal office of the specified small and medium-sized enterprise operator of the plan for SME rehabilitation through succession.
- (5) The authority of the Minister of Economy, Trade and Industry set forth in the following items is to be delegated to the directors of Regional Bureaus of Economy specified therein; provided, however, that this does not preclude the Minister of Economy, Trade and Industry from exercising the authority:
- (i) the authority of the Minister of Economy, Trade and Industry concerning a start-up support plan: the director of the Regional Bureau of Economy who has jurisdiction over the area in the municipality covered by the start-up support plan;
  - (ii) the authority of the Minister of Economy, Trade and Industry concerning a plan for SME rehabilitation through succession: the director of the Regional Bureau of Economy who has jurisdiction over the location of the principal office of the specified small and medium-sized enterprise operator of the plan for SME rehabilitation through succession.
- (6) The authority of the Minister of Land, Infrastructure, Transport and Tourism

set forth in the following items is to be delegated to the directors of Regional Development Bureaus and the director of the Hokkaido Regional Development Bureau, the directors of District Transport Bureaus (with regard to the authority pertaining to the affairs set forth in Article 4, item (xv), item (xviii), item (lxxxvi), item (lxxxvii), item (xcii), item (xciii) and item (cxxxviii) of the Act for Establishment of the Ministry of Land, Infrastructure, Transport and Tourism (Act No. 100 of 1999) and affairs set forth in item (xix) and item (xxii) of the same Article pertaining to the affairs set forth in item (lxxxvi) of the same Article, including the director of the Kobe District Transport Bureau; hereinafter the same applies in this paragraph), or the directors of Regional Civil Aviation Bureaus specified in the following items; provided, however, that this does not preclude the Minister of Land, Infrastructure, Transport and Tourism from exercising the authority:

- (i) the authority of the Minister of Land, Infrastructure, Transport and Tourism concerning a start-up support plan: the director of the Regional Development Bureau and the director of the Hokkaido Regional Development Bureau, the director of the District Transport Bureau, or the director of the Regional Civil Aviation Bureau who has jurisdiction over the area in the municipality covered by the start-up support plan;
  - (ii) the authority of the Minister of Land, Infrastructure, Transport and Tourism concerning a plan for SME rehabilitation through succession: the director of the Regional Development Bureau and the director of the Hokkaido Regional Development Bureau, the director of the District Transport Bureau, or the director of the Regional Civil Aviation Bureau who has jurisdiction over the location of the principal office of the specified small and medium-sized enterprise operator of the plan for SME rehabilitation through succession.
- (7) The authority of the Minister of the Environment set forth in the following items is to be delegated to the directors of Regional Environment Offices specified therein; provided, however, that this does not preclude the Minister of the Environment from exercising the authority:
- (i) the authority of the Minister of the Environment concerning a start-up support plan: the director of the Regional Environment Office who has jurisdiction over the area in the municipality covered by the start-up support plan;
  - (ii) the authority of the Minister of the Environment concerning a plan for SME rehabilitation through succession: the director of the Regional Environment Office who has jurisdiction over the location of the principal office of the specified small and medium-sized enterprise operator of the plan for SME rehabilitation through succession.

(Report on Implementation State)

- Article 54 (1) The implementation state of an approved plan for new business activities, approved corporate restructuring plan, approved specified corporate restructuring plan, or approved plan for SME rehabilitation through succession in each business year during their implementation period must be reported to the competent minister, within three months after the end of the relevant business year in principle, by the relevant approved implementer of new business activities by using Form 55, or by the relevant approved business conducting corporate restructuring, approved business conducting specified corporate restructuring, or succeeding business pertaining to the approved plan for SME rehabilitation through succession, respectively by using Form 56; provided, however, that when a specified company pertaining to an approved specified corporate restructuring plan has recorded operating profits for three business years in succession, the relevant approved business conducting specified corporate restructuring is not required to make the report for the following business year onward.
- (2) The competent minister who received a report set forth in the preceding paragraph (limited to a report pertaining to an approved plan for new business activities) is to without delay forward the report to the head of another relevant administrative organ that gave consent under Article 10, paragraph (5) of the Act.
- (3) An approved business (limited to a person who has obtained approval of a corporate restructuring plan that includes a financial plan pertaining to corporate restructuring or a specified corporate restructuring plan that includes a financial plan pertaining to specified corporate restructuring; the same applies in the following paragraph and the items of the following Article) must submit to the competent minister an inventory of assets and a balance sheet as of a specific day within one month after the day of agreement to the debt waiver pertaining to the financial plan with the corporate restructuring creditors or the specified corporate restructuring creditors (hereinafter the day of the agreement is referred to as the "day of the claim waiver agreement" in this paragraph) and a profit and loss statement from the first day of the business year that includes the specific day until the specific day (limited to a profit and loss statement that reflects the inclusion of a valuation loss that is deemed to be necessary in accordance with generally accepted accounting procedures and other appropriate accounting procedures along with the decision on the reconstruction plan related to corporate restructuring or the reconstruction plan related to specified corporate restructuring) within four months after the day of the claim waiver agreement.
- (4) An approved business must submit a report in Form 57 to the competent minister with regard to the implementation state of an approved corporate



restructuring plan or an approved specified corporate restructuring plan for a six-month period after the first day of each business year during the implementation period thereof, within nine months after the first day of the relevant business year (such report is referred to as a "semi-annual report" in the following paragraph) and must also submit a report in Form 58 to the competent minister promptly with regard to the implementation state for every quarterly period of each business year; provided, however, that when a specified company pertaining to an approved specified corporate restructuring plan has recorded operating profits for three business years in succession, the relevant approved business conducting specified corporate restructuring is not required to make the reports for the following business year onward.

- (5) The report set forth in paragraph (1) and the semi-annual report set forth in the preceding paragraph must be submitted together with a balance sheet and a profit and loss statement (in the case of a corporate restructuring plan that includes a financial plan pertaining to corporate restructuring or a specified corporate restructuring plan that includes a financial plan pertaining to specified corporate restructuring, limited to those audited by a certified public accountant or an audit corporation).
- (6) When falling under any of the following items, a succeeding business pertaining to an approved plan for SME rehabilitation through succession must report such fact by using Form 59 to the competent minister promptly, together with the documents set forth in those items:
  - (i) when a ruling to conclude special liquidation becomes final and binding with regard to a specified small and medium-sized enterprise operator pertaining to the approved SME rehabilitation through succession: a document evidencing that the ruling to conclude special liquidation becomes final and binding;
  - (ii) when an order of termination of bankruptcy proceedings is issued to a specified small and medium-sized enterprise operator pertaining to the approved SME rehabilitation through succession: a document evidencing that the order of termination of bankruptcy proceedings is issued; or
  - (iii) when liquidation is completed for a specified small and medium-sized enterprise operator pertaining to the approved SME rehabilitation through succession: a certificate of registered matters pertaining to the registration of completion of liquidation.
- (7) If any of the following facts occurs during the implementation period of an approved corporate restructuring plan, approved specified corporate restructuring plan, or approved plan for SME rehabilitation through succession (in the case of an approved specified corporate restructuring plan, including cases where any of the following facts occurs at its specified company), the relevant approved business conducting corporate restructuring, approved

business conducting specified corporate restructuring, or succeeding business pertaining to the approved plan for SME rehabilitation through succession must report such fact by using Form 60 to the competent minister promptly; provided, however, that when a specified company pertaining to an approved specified corporate restructuring plan has recorded operating profits for three business years in succession, the relevant approved business conducting specified corporate restructuring is not required to make the report for the following business year onward:

- (i) a starting of bankruptcy proceedings, starting of rehabilitation proceedings, starting of reorganization or exercise of an enterprise mortgage is applied or notified by a person other than the approved business conducting corporate restructuring, approved business conducting specified corporate restructuring, or succeeding business pertaining to the approved plan for SME rehabilitation through succession;
- (ii) a negotiable instrument or check is bounced (limited to those due to shortage of funds for payment) or a decision to suspend transactions is granted by a clearinghouse; or
- (iii) transactions are suspended by a major trading partner (meaning a trading partner with whom the sales and purchase amount in the preceding business year accounts for 10% or more of the total amount of sales or purchase).

(Matters to Be Included in a Quarterly Implementation State Report)

Article 55 The following documents must be attached to an implementation state report for every quarterly period of each business year set forth in paragraph (4) of the preceding Article:

- (i) a document indicating changes in sales of the approved business; and
- (ii) a document indicating changes in outstanding interest-bearing liabilities of the approved business.

(Matters to Be Reported Concerning Special Provisions of the Companies Act or the Civil Code)

Article 56 An approved business conducting corporate restructuring or approved business conducting specified corporate restructuring who has performed any of the acts set forth in the following items (in the case of an approved business conducting specified corporate restructuring, limited to any of the acts set forth in item (i), item (ii) and item (v)) must attach documents stating the matters set forth therein to the report set forth in Article 54, paragraph (1):

- (i) contributions in kind or acceptance of property under Article 29 and Article 30 of the Act (hereinafter referred to as "contributions in kind, etc." in this item): the content and value of the property pertaining to the contributions in kind, etc.;

- (ii) consolidation of shares undertaken at the same time as a reduction in the amount of stated capital, etc. under Article 33 of the Act: the content of the consolidation of shares undertaken at the same time as the reduction in the amount of stated capital, etc.;
- (iii) issuance of shares or disposition of treasury shares under Article 34, paragraph (1) of the Act: the content of the issuance of shares or disposition of treasury shares, results of the specified tender offer and progress of procedures under Article 797 of the Companies Act as applied mutatis mutandis pursuant to the provisions of Article 34, paragraph (3) of the Act following the deemed replacement of terms;
- (iv) acquisition of shares subject to class-wide call under Article 35, paragraph (1) of the Act: the content of the acquisition of shares subject to class-wide call; or
- (v) a demand to creditors in the case of business transfer under Article 36, paragraph (1) of the Act: the content of the business transfer.

(Matters to Be Reported Concerning Special Provisions of Taxation)

Article 57 (1) An approved business conducting corporate restructuring, approved business conducting specified corporate restructuring, or succeeding business pertaining to the approved plan for SME rehabilitation through succession to whom special provisions concerning registration tax were applied as set forth in Article 80, paragraph (1) of the Act on Special Measures Concerning Taxation (Act No. 26 of 1957) must attach documents stating the matters set forth in the following items to the report prescribed in Article 54, paragraph (1):

- (i) the content of the registration;
  - (ii) the amount of registration tax paid; and
  - (iii) the reduction and exemption amount by the special measures.
- (2) An approved business conducting specified corporate restructuring must report the matters set forth in the following items by using Form 61 to the competent minister, within three months in principle after the end of each business year of its specified company pertaining to the approved specified corporate restructuring plan; provided, however, that when the specified company has recorded operating profits for three business years in succession, or upon the end of the business year that includes the tenth anniversary of the day on which the approved business conducting specified corporate restructuring obtained approval of the specified corporate restructuring plan, the report is not required for the following business year onward:
- (i) the name of the specified company;
  - (ii) the amount of operating loss of the specified company; and
  - (iii) when the specified company has recorded operating profits for three

business years in succession, the last day of the last business year for which the company recorded the operating profits.

- (3) When receiving a report set forth in the preceding paragraph, the competent minister is to confirm the content thereof promptly, state as follows in the original copy of the report, sign and seal it and deliver it as a confirmation letter to the approved business conducting specified corporate restructuring:

"We hereby give notice that we have received a report concerning the matters set forth in the items of Article 57, paragraph (2) of the Regulation for Enforcement of the Act on Strengthening Industrial Competitiveness and have confirmed the content based on paragraph (3) of the same Article."

(Certificate for On-Site Inspections)

Article 58 A certificate of identification for officials conducting on-site inspections under Article 138, paragraph (1) of the Act is to be in Form 62.

### **Supplementary Provisions [Extract]**

(Effective Date)

Article 1 This Regulation comes into effect as of the date on which the Act on Strengthening Industrial Competitiveness (Act No. 98 of 2013) comes into effect (January 20, 2014).

(Transitional Measures Concerning Business Operations to Facilitate Business Reconstruction Undertaken by the JFC)

Article 3 With respect to the JFC's business operations to facilitate business reconstruction promotion prescribed in Article 24-3, paragraph (1) of the Act on Special Measures Concerning Revitalization of Industry and Innovation in Industrial Activities (Act No. 131 of 1999) prior to the abolition under Article 4 of the Supplementary Provisions of the Act (referred to as the "Former Industrial Revitalization Act" in the following Article), whose provisions are to remain in force under Article 13 of the Supplementary Provisions of the Act, the provisions of Article 37-2 and Article 37-7 of the Regulation for Enforcement of the Act on Special Measures Concerning Revitalization of Industry and Innovation in Industrial Activities prior to the abolition under the preceding Article (hereinafter referred to as the "Former Regulation for Enforcement of the Industrial Revitalization Act" in this Article and the following Article) are to remain in force even after the enforcement of this Regulation. In this case, the phrase "the Act" in Article 37-2 of the Former Regulation for Enforcement of the Industrial Revitalization Act is deemed to be replaced with "the Act on Special Measures Concerning Revitalization of Industry and Innovation in Industrial Activities (Act No. 131 of 1999) prior to

the abolition under Article 4 of the Supplementary Provisions of the Act on Strengthening Industrial Competitiveness (Act No. 98 of 2013) (hereinafter referred to as the "Former Industrial Revitalization Act"), whose provisions are to remain in force under Article 13 of the Supplementary Provisions of the Act on Strengthening Industrial Competitiveness"; and the phrase "the Act" in Article 37-7 is deemed to be replaced with "the Former Industrial Revitalization Act".

(Transitional Measures Concerning Business Operations to Promote Business Reconstruction Undertaken by Designated Financial Institutions Prescribed in Article 24-5, Paragraph (1) of the Former Industrial Revitalization Act)

Article 4 With respect to the business operations to promote business reconstruction, etc. prescribed in Article 24-5, paragraph (1) of the Former Industrial Revitalization Act, whose provisions are to remain in force under Article 14 of the Supplementary Provisions of the Act, to be undertaken by designated financial institutions prescribed in the same paragraph, the provisions of Article 37-3 to Article 37-11 of the Former Regulation for Enforcement of the Industrial Revitalization Act are to remain in force even after the enforcement of this Regulation. In this case, the phrase "Article 24-5, paragraph (2) of the Act" in Article 37-3 of the Former Regulation for Enforcement of the Industrial Revitalization Act is deemed to be replaced with "Article 24-5, paragraph (2) of the Act on Special Measures Concerning Revitalization of Industry and Innovation in Industrial Activities (Act No. 131 of 1999) prior to the abolition under Article 4 of the Supplementary Provisions of the Act on Strengthening Industrial Competitiveness (Act No. 98 of 2013) (hereinafter referred to as the "Former Industrial Revitalization Act"), whose provisions are to remain in force under Article 14 of the Supplementary Provisions of the Act on Strengthening Industrial Competitiveness"; the phrase "the Act" in the items of paragraph (1) of the same Article, and in Article 37-4 to Article 37-10 is deemed to be replaced with "the Former Industrial Revitalization Act"; and the phrase "the Order" in Article 37-11 is deemed to be replaced with "the Enforcement Order of the Act on Special Measures Concerning Revitalization of Industry and Innovation in Industrial Activities (Cabinet Order No. 258 of 1999) prior to the abolition under Article 2 of the Supplementary Provisions of the Enforcement Order of the Act on Strengthening Industrial Competitiveness (Cabinet Order No. 13 of 2014), whose provisions are to remain in force under Article 5 of the Supplementary Provisions of the same Order".

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Form 2 (Re. Article 5)

Form 3 (Re. Article 5)

Form 4 (Re. Article 5)

Form 5 (Re. Article 6)

Form 6 (Re. Article 6)

Form 7 (Re. Article 7)

Form 8 (Re. Article 8)

Form 9 (Re. Article 8)

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Form 62 (Re. Article 58)