

# Act on Cool Japan Fund, Inc.

(Act No. 51 of June 19, 2013)

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## Chapter I General Provisions

(Purpose of the Fund)

Article 1 Cool Japan Fund, Inc. is a stock company whose purpose is to promote business activities to exploit overseas demand for attractive goods or services which use the characteristics of Japanese lifestyle and culture and business activities to support the business activities (hereinafter collectively referred to as "Subject Business Activities") through provision of funds and other support, etc., thereby contributing to the sustainable growth of Japan's economy through expansion of overseas demand and supply of the goods or services.

(Number)

Article 2 Only one Cool Japan Fund, Inc. (hereinafter referred to as the "Fund") is to be incorporated.

(Shares Owned by the Government)

Article 3 The government must ordinarily hold a number of shares (excluding

shares of a class specified as being unable to exercise voting rights with respect to all of the matters for which a resolution can be made at a shareholders meeting; hereinafter the same applies in this Article) equivalent to 50 percent or more of the total number of shares issued by the Fund.

(Authorization of Shares, Bonds and Borrowings)

Article 4 (1) When the Fund intends to solicit persons to subscribe for the shares for subscription provided in Article 199, paragraph (1) of the Companies Act (Act No. 86 of 2005) (referred to as "shares for subscription" in Article 44, item (i)), the share options for subscription provided in Article 238, paragraph (1) of the same Act (referred to as "share options for subscription" in the same item), or the bonds for subscription provided in Article 676 of the same Act (referred to as "bonds for subscription" in Article 34 and the same item), intends to issue shares, bonds or share options in a share exchange, or intends to borrow funds, the Fund must obtain the authorization of the Minister of Economy, Trade and Industry.

(2) When the Fund has issued shares upon the exercise of share options, it must notify the Minister of Economy, Trade and Industry of that fact without delay.

(3) The total of the current amount of the Fund's borrowings and the current principal amount of its obligations under the bonds issued thereby must not exceed the amount obtained by multiplying the total of the amount of its stated capital and the amount of its reserves by a factor specified by Cabinet Order.

(Contributions by the Government)

Article 5 If the government finds it to be necessary, it may make contributions to the Fund up to the amount specified in the budget.

(Trade Name)

Article 6 (1) The Fund must use the characters "株式会社海外需要開拓支援機構" (referring to "Cool Japan Fund, Inc." in English) in its trade name.

(2) A person who is not the Fund must not use the characters "海外需要開拓支援機構" (referring to "Cool Japan Fund" in English) in the name thereof.

## **Chapter II Incorporation**

(Information Required to Be Specified or Recorded in the Articles of Incorporation)

Article 7 (1) Beyond the matters set forth in the items of Article 27 of the Companies Act, the following information must be specified or recorded in the articles of incorporation of the Fund:

(i) the number of shares issued at the time of incorporation of the Fund

- (hereinafter referred to as "Share(s) Issued at Incorporation")(if it is intended to incorporate the Fund as a company with class shares, those classes and the number of shares in each class);
- (ii) the amount to be paid in for a Share Issued at Incorporation (meaning the amount of money paid in, or assets other than money contributed, in exchange for one Share Issued at Incorporation );
  - (iii) the number of Shares Issued at Incorporation allotted to the government (if it is intended to incorporate the Fund as a company with class shares, those classes and the number of shares in each class);
  - (iv) the matters set forth in Article 107, paragraph (1), item (i) of the Companies Act;
  - (v) the fact that the Fund has a board of directors and company auditors; and
  - (vi) the fact that the Fund dissolves upon completion of the operations set forth in the items of Article 22, paragraph (1).
- (2) The following information must not be specified or recorded in the articles of incorporation of the Fund:
- (i) the fact that the Fund has an audit and supervisory committee or a nominating committee, etc. provided in Article 2, item (xii) of the Companies Act; and
  - (ii) the provisions provided in accordance with the proviso to Article 139, paragraph (1) of the Companies Act.

(Authorization of Incorporation)

Article 8 The incorporators of the Fund must prepare the articles of incorporation, and must submit the articles of incorporation and the business plan to the Minister of Economy, Trade and Industry to apply for authorization of incorporation promptly after subscribing for Shares Issued at Incorporation allotted to them.

- Article 9 (1) If an application for authorization under the provisions of the preceding Article is filed, the Minister of Economy, Trade and Industry must examine whether the application conforms to the following standards:
- (i) the procedures of the incorporation and the contents of the articles of incorporation conform to the provisions of laws and regulations;
  - (ii) nothing false is specified or recorded in the articles of incorporation, nor is a false signature, name or seal affixed thereto (including the actions that are taken in lieu of the signing or the affixing of the names and seals under the provisions of Article 26, paragraph (2) of the Companies Act); and
  - (iii) it is certain that the management of the operations is soundly performed and contributes to the promotion of Subject Business Activities.
- (2) If the Minister of Economy, Trade and Industry finds the application to

conform to the standards set forth in the items of the preceding paragraph as a result of examination pursuant to the same paragraph, the minister must authorize the incorporation.

(Election and Dismissal of Directors at Incorporation and Company Auditors at Incorporation)

Article 10 The election and dismissal of the directors at incorporation provided in Article 38, paragraph (1) of the Companies Act and the company auditors at incorporation provided in paragraph (2), item (ii) of the same Article do not become effective without the authorization of the Minister of Economy, Trade and Industry.

(Replacement of Terms in Provisions of the Companies Act)

Article 11 With respect to the application of the provisions of Article 30, paragraph (2), Article 34, paragraph (1), Article 59, paragraph (1), item (i), and Article 963, paragraph (1) of the Companies Act, the phrase "Articles of incorporation that are certified by a notary public pursuant to the preceding paragraph may not be amended before the formation of the Stock Company" in Article 30, paragraph (2) of the same Act is deemed to be replaced with "Articles of incorporation may not be amended before the incorporation of Cool Japan Fund, Inc. after the authorization set forth in Article 9, paragraph (2) of the Act on Cool Japan Fund, Inc. (Act No. 51 of 2013); the phrase "subscription for Shares Issued at Incorporation" in Article 34, paragraph (1) of the same Act is deemed to be replaced with "the authorization set forth in Article 9, paragraph (2) of the Act on Cool Japan Fund, Inc."; the phrase "the date of the certification of the articles of incorporation and the name of the notary public who effected such certification" in the same item is deemed to be replaced with "the date of the authorization set forth in Article 9, paragraph (2) of the Act on Cool Japan Fund, Inc."; and the phrase "Article 34, paragraph (1)" in Article 963, paragraph (1) of the same Act is deemed to be replaced with "Article 34, paragraph (1) (including when the provisions are applied pursuant to the provisions of Article 11 of the Act on Cool Japan Fund, Inc. after deemed replacement)."

(Non-Applicability of Provisions of the Company Act)

Article 12 The provisions of Article 30, paragraph (1) and Article 33 of the Companies Act do not apply to the incorporation of the Fund.

### **Chapter III Administration**

#### **Section 1 Directors**

(Authorization of Election of Directors and Company Auditors)

Article 13 A resolution electing or dismissing a director or company auditor of the Fund does not become effective without the authorization of the Minister of Economy, Trade and Industry.

(Directors' Duty of Confidentiality)

Article 14 A director, accounting advisor, company auditor or employee of the Fund or a person that was employed as such must not divulge or misappropriate any secret learned in the course of the person's duties.

## **Section 2 Investment Committee**

(Establishment)

Article 15 The Investment Committee (hereinafter referred to as the "Committee") is established in the Fund.

(Authority)

Article 16 (1) The Committee makes the following decisions:

- (i) decisions about enterprises subject to the support for subject business activities set forth in Article 24, paragraph (1) and the content of the support for subject business activities;
- (ii) decisions to transfer or otherwise dispose of shares, etc. or claims set forth in Article 26, paragraph (1); and
- (iii) beyond what is set forth in the preceding two items, decisions about the matters set forth in Article 362, paragraph (4), items (i) and (ii) of the Companies Act that have been delegated through a resolution of the board of directors.

(2) The Committee is deemed to have been delegated by the board of directors to make the decisions set forth in items (i) and (ii) of the preceding paragraph.

(Committee Organization)

Article 17 (1) The Committee comprises three or more but seven or less directors.

(2) One or more representative directors and one or more outside directors must be included in the committee members.

(3) The committee members are decided through a resolution of the board of directors.

(4) A resolution appointing or removing a committee member does not become effective without the authorization of the Minister of Economy, Trade and Industry.

(5) The committee members individually perform their own duties.

(6) The Committee has a chair person who is elected from among its members.

- (7) The chairperson presides over the affairs of the Committee.
- (8) The Committee must designate in advance a committee member to undertake the duties of the chairperson if the chairperson is unable to perform the duties.

(Operations)

- Article 18 (1) The Committee is convened by the chairperson (if the chairperson is unable to perform this duty, by the person who undertakes the duties of the chairperson pursuant to paragraph (8) of the preceding Article; the same applies in the following paragraph and paragraph (3)).
- (2) The Committee may not open a meeting or pass any resolution without the attendance of the chairperson and two thirds or more of the total number of the incumbent committee members.
  - (3) A decision of the Committee is effected by a majority of the committee members present at the meeting. The chairperson effects such a decision in the event of a tie.
  - (4) A committee member with a special interest in the resolution under the provisions of the preceding paragraph may not participate in the vote.
  - (5) The number of committee members who may not participate in the vote pursuant to the provisions of the preceding paragraph is not to be included in the number of the incumbent committee members provided in paragraph (2).
  - (6) Company auditors must attend the meetings of the Committee and must state their opinions if they find it to be necessary.
  - (7) A member of the Committee who has been appointed by the Committee must notify the board of directors of the resolution under the provisions of paragraph (3) without delay after the resolution is passed.
  - (8) Minutes must be prepared with respect to the meeting of the Committee pursuant to the provisions of Order of the Ministry of Economy, Trade and Industry, and if such minutes are prepared in writing, the committee members and company auditors who were present at the meeting must sign or affix their names and seals to the minutes.
  - (9) If the minutes set forth in the preceding paragraph are prepared as an electronic or magnetic record (meaning a record used in computerized information processing which is created in electronic form, magnetic form, or any other form that cannot be perceived by the human senses; hereinafter the same applies in this paragraph and paragraph (2), item (ii) of the following Article), actions that are taken in lieu of the signing or the affixing of the names and seals provided by Order of the Ministry of Economy, Trade and Industry must be taken with respect to the matters recorded in the electronic or magnetic record.
  - (10) Beyond what is provided in the preceding paragraphs and the following Article, the Committee decides the procedures for its decisions and other

matters necessary for its own operations.

(Minutes)

- Article 19 (1) The Fund must keep the minutes set forth in paragraph (8) of the preceding Article at its head office for ten years after the date of the meeting of the Committee.
- (2) If it is necessary for the exercise of rights, a shareholder may make the following requests with the permission of the court:
- (i) if the minutes set forth in the preceding paragraph are prepared in writing, a request for inspection or copying of the written minutes; and
  - (ii) if the minutes set forth in the preceding paragraph are prepared as an electronic or magnetic record, a request for inspection or copying of anything that indicates the matters recorded in the electronic or magnetic record by a method provided by Order of the Ministry of Economy, Trade and Industry.
- (3) If it is necessary for the enforcement of the liability of a committee member, an obligee may make the requests set forth in the items of the preceding paragraph with respect to the minutes set forth in paragraph (1) with the permission of the court.
- (4) If the court finds that the inspection or copying pertaining to the requests set forth in the items of paragraph (2) or the requests set forth in the preceding paragraph is likely to cause extreme damage to the Fund, it may not give the permission set forth in paragraph (2) or the preceding paragraph.
- (5) The provisions of Article 868, paragraph (1), Article 869, Article 870, paragraph (2) (limited to the part pertaining to item (i)), Article 870-2, the main clause of Article 871, Article 872 (limited to the part pertaining to item (v)), Article 872-2, the main clause of Article 873, Article 875, and Article 876 apply mutatis mutandis to the permission set forth in paragraphs (2) and (3).
- (6) A director may make the requests set forth in the items of paragraph (2) with respect to the minutes set forth in paragraph (1).

(Registration)

- Article 20 (1) When the Fund appoints a committee member, it must register the name of the member at the location of its head office within two weeks. The same applies if there is a change in the name of a committee member.
- (2) A document evidencing that a committee member has been appointed and the appointed committee member has accepted the position must be attached to a written application for the registration of the appointment of a committee member under the provisions of the preceding paragraph.
- (3) A document evidencing a change due to the resignation of a committee member must be attached to a written application for the registration of such a change.

- (4) With respect to directors who have been appointed as committee members and are outside directors, the Fund must register the fact that they are outside directors.

### **Section 3 Amendments to the Articles of Incorporation**

Article 21 A resolution changing the articles of incorporation of the Fund does not become effective without the authorization of the Minister of Economy, Trade and Industry.

## **Chapter IV Operations**

### **Section 1 Scope of Operations**

Article 22 (1) The Fund engages in the following operations for achieving its purpose:

- (i) making contributions to subject enterprises (meaning enterprises which have become subject to support pursuant to the provisions of Article 24, paragraph (1) (including partnerships formed through a partnership contract provided in Article 667, paragraph (1) of the Civil Code (Act No. 89 of 1896); silent partnerships formed through a silent partnership contract provided in Article 535 of the Commercial Code (Act No. 48 of 1899); investment limited partnerships provided in Article 2, paragraph (2) of the Limited Partnership Act for Investment (Act No. 90 of 1998); limited liability partnerships provided in Article 2 of the Limited Liability Partnership Act (Act No. 40 of 2005); and organizations formed pursuant to foreign laws and regulations which are similar to any of these partnerships; the same applies hereinafter);
- (ii) contributing funds (meaning the funds provided in Article 131 of the Act on General Incorporated Associations and General Incorporated Foundations (Act No. 48 of 2006) to subject enterprises;
- (iii) loaning funds to subject enterprises;
- (iv) acquiring securities (meaning the securities set forth in the items of Article 2, paragraph (1) of the Financial Instruments and Exchange Act (Act No. 25 of 1948) and the rights deemed to be securities pursuant to the provisions of paragraph (2) of the same Article; hereinafter the same applies in this item and item (xii)) issued by subject enterprises and securities held by subject enterprises;
- (v) acquiring monetary claims against subject enterprises and monetary claims held by subject enterprises;
- (vi) guaranteeing bonds issued by subject enterprises and obligations pertaining to their borrowing of funds;
- (vii) making offerings or private placements of securities (limited to the rights



- set forth in Article 2, paragraph (2), item (v) or (vi) of the Financial Instruments and Exchange Act which are deemed to be securities pursuant to the provisions of the same paragraph) on behalf of subject enterprises;
- (viii) dispatching experts to enterprises which engage in or intend to engage in Subject Business Activities;
  - (ix) giving advice to enterprises which engage in or intend to engage in Subject Business Activities;
  - (x) transferring, establishing or licensing intellectual property rights (meaning the intellectual property rights set forth in Article 2, paragraph (2) of the Intellectual Property Basic Act (Act No. 122 of 2002) and those equivalent thereto in foreign countries; the same applies in the following item), or disclosing trade secrets (meaning the trade secrets set forth in Article 2, paragraph (6) of the Unfair Competition Prevention Act (Act No. 47 of 1993) and those equivalent thereto in foreign countries; the same applies in the following item), to enterprises which engage in or intend to engage in Subject Business Activities;
  - (xi) acquiring or receiving the transfer, establishment or license of intellectual property rights necessary for the operations set forth in the preceding item, or receiving the disclosure of trade secrets;
  - (xii) transferring and otherwise disposing of shares, share options, equity or securities (referred to as "shares, etc." in Article 26, paragraphs (1) and (2)) which the Fund holds;
  - (xiii) managing, transferring, and otherwise disposing of claims;
  - (xiv) carrying out necessary negotiations and investigations in connection with the operations set forth in the preceding items;
  - (xv) carrying out necessary investigations and provision of information for promoting Subject Business Activities;
  - (xvi) carrying out operations incidental to those set forth in the preceding items; and
  - (xvii) beyond what is set forth in the preceding items, carrying out necessary operations for achieving the purpose of the Fund.
- (2) If the Fund intends to engage in the operations set forth in item (xvii) of the preceding paragraph, it must obtain the authorization of the Minister of Economy, Trade and Industry in advance.

## **Section 2 Support Standards**

Article 23 (1) The Minister of Economy, Trade and Industry establishes standards which the Fund must comply with when deciding enterprises subject to support for Subject Business Activities (limited to that provided through the operations set forth in paragraph (1), items (i) through (vii) of the preceding

Article; hereinafter referred to as "Support for Subject Business Activities") and the content of the Support for Subject Business Activities (hereinafter referred to as "support standards" in this Article and paragraph (1) of the following Article).

- (2) When the Minister of Economy, Trade and Industry intends to establish support standards pursuant to the provisions of the preceding paragraph, the minister must hear the opinions of the ministers having administrative jurisdiction over the business pertaining to the activities subject to Support for Subject Business Activities (referred to as "competent ministers for the business" in paragraphs (3) and (4) of the following Article) in advance.
- (3) When the Minister of Economy, Trade and Industry establishes support standards pursuant to the provisions of paragraph (1), the minister discloses them to the public.

### **Section 3 Implementation of Operations**

(Decision to Provide Support)

Article 24 (1) When the Fund intends to provide Support for Subject Business Activities, it must decide on an enterprise subject thereto and the content of the Support for Subject Business Activities in accordance with the support standards.

- (2) When the Fund intends to decide on whether to provide Support for Subject Business Activities, it must notify the Minister of Economy, Trade and Industry of that fact in advance setting a reasonable period of time to give to the minister an opportunity to state opinions.
- (3) If the Minister of Economy, Trade and Industry receives a notice under the provisions of the preceding paragraph, the minister notifies the competent minister for the business thereof without delay.
- (4) If the competent minister for the business receives a notice under the provisions of the preceding paragraph and finds it to be necessary in consideration of the situation in the business field to which the enterprise belongs, the minister may state opinions to the Fund within the period set forth in paragraph (2).

(Revocation of Decision to Provide Support)

Article 25 (1) In the following cases, the Fund must promptly revoke a decision under the provisions of paragraph (1) of the preceding Article (referred to as a "decision to provide support" in the following paragraph):

- (i) if the subject enterprise fails to engage in Subject Business Activities; and
- (ii) if the subject enterprise receives an order of commencement of bankruptcy proceedings, an order of commencement of rehabilitation proceedings, an

order of commencement of reorganization proceedings, an order of commencement of special liquidation proceedings or an order of recognition of foreign insolvency proceedings.

- (2) When the Fund revokes a decision to provide support pursuant to the provisions of the preceding paragraph, it must immediately notify the subject enterprise of that fact.

(Transfer and Other Disposition of Shares)

Article 26 (1) When the Fund intends to make a decision to transfer or otherwise dispose of shares, etc. or claims pertaining to a subject enterprise that it holds, it notifies the Minister of Economy, Trade and Industry of that fact in advance setting a reasonable period of time to give the minister an opportunity to state opinions.

- (2) The Fund must endeavor to transfer or otherwise dispose of all the shares, etc. and claims that it holds by March 31, 2034 in consideration of the economic situation and the status of business of subject enterprises.

- (3) If the Fund guarantees obligations, the due date for redemption of loans subject to the guarantee must be no later than March 31, 2034.

(State Assistance)

Article 27 (1) The Minister of Economy, Trade and Industry and the heads of national government administrative organs must endeavor to provide the Fund and subject enterprises with necessary advice and other assistance for the smooth and reliable implementation of their businesses.

- (2) Beyond what is set forth in the preceding paragraph, the Minister of Economy, Trade and Industry and the heads of national government administrative organs must cooperate and coordinate with each other so as to promote the smooth and reliable implementation of businesses conducted by the Fund and subject enterprises.

(Financial Measures)

Article 28 The State must endeavor to take necessary financial measures and other measures for promoting Support for Subject Business Activities and other businesses that contribute to the smooth and reliable implementation of Subject Business Activities.

## **Chapter VI Finance and Accounting**

(Authorization of Budget)

Article 29 (1) Before the start of each business year, the Fund must submit its budget for the business year to the Minister of Economy, Trade and Industry to

obtain the authorization of the minister. The same applies when the Fund intends to change its budget.

(2) Documents relating to the business and financial plans for the business year must be attached to the budget set forth in the preceding paragraph.

(Resolution to Pay Dividend of Surplus)

Article 30 A resolution to pay dividend of or otherwise dispose of the Fund's surplus does not become effective without the authorization of the Minister of Economy, Trade and Industry.

(Financial Statements)

Article 31 Within three months from the end of each business year, the Fund must submit its balance sheet, profit and loss statement, and business report for that business year to the Minister of Economy, Trade and Industry.

(Government Guarantee)

Article 32 Notwithstanding the provisions of Article 3 of the Act on Restrictions on Financial Assistance by the Government to Corporations (Act No. 24 of 1946), the government may enter into a guarantee contract with respect to the Fund's obligations pertaining to the bonds or borrowings set forth in Article 4, paragraph (1) within the scope of the amount approved by a Diet resolution.

## **Chapter VII Supervision**

(Supervision)

Article 33 (1) The Fund is supervised by the Minister of Economy, Trade and Industry pursuant to the provisions of this Act.

(2) If the Minister of Economy, Trade and Industry finds it to be necessary for the enforcement of this Act, the minister may issue to the Fund an order that is necessary for supervision in relation to the operations of the Fund.

(Consultation with the Minister of Finance)

Article 34 When the Minister of Economy, Trade and Industry intends to give the authorization set forth in Article 4, paragraph (1) (limited to when intending to solicit persons to subscribe for bonds for subscription, issue bonds in a share exchange or borrow funds), Article 9, paragraph (2), Article 21, Article 22, paragraph (2), Article 29, paragraph (1), Article 30 or Article 37, the minister must consult with the Minister of Finance.

(Evaluation of Operational Performance)

Article 35 (1) The Minister of Economy, Trade and Industry must evaluate the

operational performance of the Fund for each business year.

- (2) When the Minister of Economy, Trade and Industry makes the evaluation set forth in the preceding paragraph, the minister must notify the Fund of the results of the evaluation and disclose them to the public without delay.

## **Chapter VIII Dissolution**

(Dissolution of the Fund)

Article 36 The Fund dissolves upon completion of the operations set forth in the items of Article 22, paragraph (1).

(Resolution to Approve Merger)

Article 37 A resolution approving a merger, split, transfer or acquisition of a business or dissolution of the Fund does not become effective without the authorization of the Minister of Economy, Trade and Industry.

## **Chapter IX Miscellaneous Provisions**

(Collection of Reports)

Article 38 (1) If the Minister of Economy, Trade and Industry finds it to be necessary for the enforcement of this Act, the minister may have the Fund make a report on the Fund's operations or may have its official enter the business office, office or other place of business of the Fund to inspect the books, documents, and other articles of the Fund.

- (2) An official who conducts an on-site inspection pursuant to the provisions of the preceding paragraph must carry an identification card and present it to persons concerned.

- (3) The authority to conduct an on-site inspection under the provisions of paragraph (1) must not be construed as being granted for criminal investigation purposes.

## **Chapter X Penal Provisions**

Article 39 (1) A director, accounting advisor (if the accounting advisor is a corporation, its member who is to perform the duties of the accounting advisor), company auditor or employee of the Fund who accepts, solicits or promises to accept a bribe in connection with the duties thereof is punished by imprisonment for not more than three years. If such a person commits a wrongful act or fails to commit a reasonable act for this reason, the person is punished by imprisonment for not more than five years.

- (2) In the case referred to in the preceding paragraph, the bribe accepted by the

criminal is confiscated. If all or part of the bribe cannot be confiscated, the value equivalent thereto is collected.

- Article 40 (1) A person who gives, offers to give or promises to give a bribe set forth in paragraph (1) of the preceding Article is punished by imprisonment for not more than three years or by a fine of not more than 1,000,000 yen.
- (2) If a person who has committed the crime set forth in the preceding paragraph surrenders, the person may be given a reduced sentence or granted an absolute discharge.

- Article 41 (1) The crime set forth in Article 39, paragraph (1) applies to persons who have committed the crime set forth in the same paragraph outside Japan.
- (2) The crime set forth in paragraph (1) of the preceding Article is governed by the provisions of Article 2 of the Penal Code (Act No. 45 of 1907).

Article 42 If a director, accounting advisor (if the accounting advisor is a corporation, its member who is to perform the duties of the accounting advisor), company auditor or employee of the Fund or a person who was employed as such divulges or misappropriates any secret learned in the course of the person's duties in violation of the provisions of Article 14, the person is punished by imprisonment for not more than one year or by a fine of not more than 500,000 yen.

Article 43 If the Fund fails to make a report under the provisions of Article 38, paragraph (1) or makes a false report, or if it refuses, obstructs or evades an inspection under the provisions of the same paragraph, the director, accounting advisor (if the accounting advisor is a corporation, its member who is to perform the duties of the accounting advisor), company auditor or employee of the Fund who has committed the violation is punished by a fine of not more than 500,000 yen.

Article 44 In the case of falling under any of the following items, the director, accounting advisor or employee who is to perform the duties thereof or company auditor of the Fund who has committed the violation is punished by a non-criminal fine of not more than 1,000,000 yen:

- (i) if the Fund solicits persons to subscribe for shares for subscription, share options for subscription or bonds for subscription, issues shares, bonds or share options in a share exchange or borrows funds in violation of the provisions of Article 4, paragraph (1);
- (ii) if the Fund fails to give a notification that it has issued shares in violation of the provisions of Article 4, paragraph (2);

- (iii) if the Fund fails to register in violation of the provisions of Article 20, paragraph (1) or (4);
- (iv) if the Fund engages in the operations in violation of the provisions of Article 22, paragraph (2);
- (v) if the Fund fails to give a notice to the Minister of Economy, Trade and Industry in violation of the provisions of Article 24, paragraph (2) or Article 26, paragraph (1);
- (vi) if the Fund fails to obtain the authorization of its budget in violation of the provisions of Article 29, paragraph (1);
- (vii) if the Fund fails to submit its balance sheet, profit and loss statement or business report in violation of the provisions of Article 31 or submits such document containing a false entry or record; and
- (viii) if the Fund violates an order under the provisions of Article 33, paragraph (2).

Article 45 A person who uses the characters "海外需要開拓支援機構" (referring to "Cool Japan Fund" in English) in the name thereof in violation of the provisions of Article 6, paragraph (2) is punished by a non-criminal fine of not more than 100,000 yen.

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

(Effective Date)

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

(Transitional Measures)

Article 2 The provisions of Article 6, paragraph (2) do not apply to any person who uses the characters "海外需要開拓支援機構" (referring to "Cool Japan Fund" in English) in the name thereof at the time this Act comes into effect for the period of six months after that time.

Article 3 With respect to the budget of the Fund for the business year containing the date of incorporation of the Fund, the phrase "Before the start of each business year" is deemed to be replaced with the phrase "Without delay after its incorporation."

(Review)

Article 4 The government is to review the enforcement status of this Act within a period after this Act comes into effect until March 31, 2021 and take necessary measures based on the results thereof.