

Ordinance for Enforcement of the Act on Authorization of Public Interest Incorporated Associations and Public Interest Incorporated Foundations

(Cabinet Office Ordinance No. 68 of September 7, 2007)

Pursuant to the provisions of the Act on Authorization of Public Interest Incorporated Associations and Public Interest Incorporated Foundations (Act No. 49 of 2006) and the Order for Enforcement of the Act on Authorization of Public Interest Incorporated Associations and Public Interest Incorporated Foundations (Cabinet Order No. 276 of 2007) and for the purpose of enforcement of said Act and said Order, the Ordinance for Enforcement of the Act on Authorization of Public Interest Incorporated Associations and Public Interest Incorporated Foundations is established as follows.

Chapter I Authorization of Public Interest Corporations

Section 1 Standards for Public Interest Corporation Authorization

(Juridical Persons Whose Business Activities Are Controlled by a Juridical Person)

Article 1 (1) Juridical persons whose business activities are controlled by a juridical person specified by Cabinet Office Ordinance as provided in Article 1, item (vii) of the Order for Enforcement of the Act on Authorization of Public Interest Incorporated Associations and Public Interest Incorporated Foundations (hereinafter referred to as the "Order") shall be other juridical persons in cases where said juridical person controls decisions on the financial and operational or business policies of said other juridical persons (hereinafter referred to as the "Subsidiaries").

(2) A person who controls the business activities of the juridical person specified by Cabinet Office Ordinance as provided in Article 1, item (vii) of the Order shall be a single person in cases where said single person controls decisions on the financial and operational or business policies of said juridical person.

(3) "Controls decisions on the financial and operational or business policies" as provided in the preceding two paragraphs means the following cases:

(i) Cases where a single person or one or more of its Subsidiaries hold a majority of the voting rights of a general meeting of members or any other body which makes decisions on financial and operational or business policies of the entity; or

(ii) If said other juridical persons provided in paragraph (1) or said juridical

person provided in the preceding paragraph is a general incorporated foundation, cases where the ratio of the following persons to the total number of councillors exceeds 50%:

- (a) Officers (meaning directors, auditors, company directors, accounting advisors, company auditors, executive officers and other persons equivalent thereto) or councillors of a single juridical person or one or more of its Subsidiaries;
- (b) Employees of a single juridical person or one or more of its Subsidiaries;
- (c) Persons who were the persons listed in item (a) or (b) within five years before the day on which they have assumed the offices of said councillors;
- (d) Persons who are appointed by a single person or one or more of its Subsidiaries; and
- (e) Persons who were appointed by a single person or one or more of its Subsidiaries as councillors of said juridical person within five years before the day on which they have assumed the offices of said councillors.

(Persons Similar to Members)

Article 2 Members or any persons similar thereto specified by Cabinet Office Ordinance as provided in Article 2, item (ii) of the Order (hereinafter referred to as the "Members, etc." in this Article) shall be persons to whom assets are transferred or loaned or services are provided from a specific person on an ongoing or recurring basis, or persons who participate in mutual support, exchange, liaison or any other activities targeting the Members, etc. which are conducted among the Members, etc. by a specific person.

(Matters Specified in Standards for Payment of Remuneration, etc.)

Article 3 The standards for payment of remuneration, etc. to directors, auditors and councillors (hereinafter referred to as the "Directors, etc.") provided in Article 5, item (xiii) of the Act on Authorization of Public Interest Incorporated Associations and Public Interest Incorporated Foundations (Act No. 49 of 2006; hereinafter referred to as the "Act") shall provide the matters pertaining to the categories of remuneration, etc. corresponding to each working arrangement of the Directors, etc. and the method for calculating the amounts thereof as well as the method and form of payment.

(Properties That Enable Involvement in the Decision Making of Other Organizations)

Article 4 Properties specified by Cabinet Office Ordinance as provided in Article 5, item (xv) of the Act shall be the following properties:

- (i) Shares;
- (ii) Rights based on contributions, which are issued by a juridical person

- established under special acts;
- (iii) Membership rights (excluding those pertaining to public interest incorporated associations) of a general partnership company, limited partnership company, limited liability company, or any other incorporated association;
 - (iv) Rights based on a partnership contract provided in Article 667, paragraph (1) of the Civil Code (Act No. 89 of 1896), a limited partnership agreement for investment provided in Article 3, paragraph (1) of the Limited Partnership Act for Investment (Act No. 90 of 1998), or a limited liability partnership agreement provided in Article 3, paragraph (1) of the Limited Liability Partnership Act (Act No. 40 of 2005) (excluding those in which said public interest corporation is a partner who executes the operations independently or operations equal to or more than its shares);
 - (v) Rights as an settlor or beneficiary based on a trust agreement (excluding those in which said public interest corporation is a single trustee or a trustee who carries out a significant portion of the affairs thereof); and
 - (vi) Properties based on foreign laws and regulations, which are similar to the properties listed in any of the preceding items.

Section 2 Application Procedures for Public Interest Corporation Authorization

(Application for Public Interest Corporation Authorization)

- Article 5 (1) A general incorporated association or a general incorporated foundation that intends to apply for public interest corporation authorization pursuant to Article 7, paragraph (1) of the Act shall submit a written application, which is prepared according to Form No. 1, to the administrative agency.
- (2) Documents specified by Cabinet Office Ordinance as provided in Article 7, paragraph (2), item (iv) of the Act shall be as follows:
 - (i) The inventory of property as of the balance sheet date of the balance sheet provided in the following item, which is prepared pursuant to the provisions of Article 31, paragraphs (1) to (3) inclusive;
 - (ii) In cases of a general incorporated association, the balance sheet and the annexed detailed statements thereof provided in Article 2, item (ii) of the Act on General Incorporated Associations and General Incorporated Foundations (Act No. 48 of 2006; hereinafter referred to as the "General Incorporated Associations/Foundations Act"), and in cases of a general incorporated foundation, the balance sheet and the annexed detailed statements thereof provided in item (iii) of the same Article;
 - (iii) A document that clarifies the facts to be used as the basis of the budgets

- stated in a written business plan and a written budget for revenue and expenditure; and
- (iv) In addition to those items listed in the preceding three items, a document that certify that it has the accounting base necessary to operate the business for public interest purposes.
- (3) Documents specified by Cabinet Office Ordinance as provided in Article 7, paragraph (2), item (vi) of the Act shall be as follows:
- (i) A certificate of registered information;
 - (ii) A document stating the name, date of birth and address of the Directors, etc.;
 - (iii) In addition to those items listed in the preceding items, a document explaining compliance with the standards listed in the items of Article 5 of the Act;
 - (iv) A document explaining that the Directors, etc. do not fall under any of the provisions of Article 6, item (i), sub-items (a) to (d) inclusive of the Act;
 - (v) A document explaining that the applicant does not fall under any of the provisions of Article 6, items (ii) to (iv) inclusive and item (vi);
 - (vi) A certificate of tax payment for national tax or local tax pertaining to a disposition for delinquent payment; and
 - (vii) In addition to those items listed in the preceding items, documents that the administrative agency finds necessary.

(Hearing of Opinions of the Commissioner General of the National Police Agency, etc.)

- Article 6 (1) When the administrative agency intends to hear the opinions of the Commissioner General of the National Police Agency, etc. pursuant to Article 8, item (ii) of the Act (including the cases where applied mutatis mutandis pursuant to Article 11, paragraph (4) and Article 25, paragraph (4) of the Act and Article 104 of the Act on Arrangement of Relevant Acts Incidental to Enforcement of the Act on General Incorporated Associations and General Incorporated Foundations and the Act on Authorization of Public Interest Incorporated Associations and Public Interest Incorporated Foundations (Act No. 50 of 2006; hereinafter referred to as the "Arrangement Act")), the administrative agency shall, in advance, carry out investigation (including the hearing of opinions pursuant to Article 8, items (i) and (iii) of the Act) on whether the juridical person pertaining to the hearing of opinions falls under any of the items of Article 6 of the Act.
- (2) If, as a result of the investigation under the preceding paragraph, the administrative agency finds that said juridical person is suspected to fall under Article 6, item (i), sub-item (d) or item (vi) of the Act, it shall hear the opinions of the Commissioner General of the National Police Agency, etc., with the

reason thereof.

(Minor Changes)

Article 7 Minor changes provided in Cabinet Office Ordinance as provided in the proviso of Article 11, paragraph (1) of the Act shall be as follows:

- (i) In cases of a public interest corporation of which the administrative agency is the Prime Minister, a change of the prefectural areas in which it operates the business for public interest purposes (limited to those provided in the articles of incorporation), or a change of the locations of its offices (including the establishment or abolition of subordinate offices), when the areas in which it operates the business for public interest purposes or locations of its offices after said change are within two or more prefectural areas;
- (ii) In cases of a public interest corporation of which the administrative agency is a prefectural governor, a change of the locations of its offices (including the establishment or abolition of subordinate offices), when the locations of its offices before said change and after said change are within the same prefectural area; and
- (iii) A change of the content of the business for public interest purposes or the profit-making business, etc., which does not involve a change of the matters stated in the written application (in cases where authorizations for change have been granted for said business, the written application provided in paragraph (1) of the following Article pertaining to the most-recently granted authorization for change) provided in Article 7, paragraph (1) of the Act for which public interest corporation authorization has been granted.

(Application for Authorization for Change)

Article 8 (1) A public interest corporation that intends to obtain the authorization for change under Article 11, paragraph (1) of the Act shall submit a written application, which is prepared according to Form No. 2, to the administrative agency.

(2) Among the documents listed in the items of Article 7, paragraph (2) of the Act, the documents pertaining to the change and the following documents shall be attached to the written application provided in the preceding paragraph:

- (i) A copy of the minutes of the board of directors that resolved said change;
 - (ii) In cases where said change is a change incidental to a merger or transfer of business, a copy of the contract thereof; and
 - (iii) In addition to those items listed in the preceding two items, documents that the administrative agency finds necessary.
- (3) A public interest corporation that has received the authorization for change under Article 11, paragraph (1) of the Act shall, without delay, submit the articles of incorporation and a certificate of registered information (limited to

cases where there is any change incidental to the authorization for said change) to the administrative agency.

(4) If the authorization for said change is in line with a merger, the public interest corporation provided in the preceding paragraph shall submit to the administrative agency within three months from the day of said merger the following documents pertaining to a public interest corporation that ceases to exist as a result of said merger:

- (i) Documents listed in Article 28, paragraph (1), item (ii) and Article 38, paragraph (1), items (ii) and (iii) for the period from the first day of the business year that includes the day preceding the date of said merger to the day preceding the date of said merger; and
- (ii) The balance sheet, profit and loss statement and their annexed detailed statements pertaining to the period provided in the preceding item, inventory of property, and, supposing that the documents listed in Article 28, paragraph (1), item (i) are prepared, a document stating the matters that should be stated or recorded in said documents.

(Notice to Concerned Administrative Agency in Relation to Authorization, etc. for Change Incidental to Merger with Another Public Interest Corporation)

Article 9 (1) The administrative agency that has received the application for authorization for change under Article 11, paragraph (1) of the Act shall immediately notify the administrative agency that has jurisdiction over another public interest corporation to that effect when said application for authorization for change is incidental to a merger with said other public interest corporation, or the administrative agency that has jurisdiction over a public interest corporation to that effect when said application for authorization for change is incidental to a transfer of business and said public interest corporation is the transferee or the transferor.

- (2) The administrative agency that has received the notice pursuant to the preceding paragraph shall render a disposition for the application for authorization for change under Article 11, paragraph (1) of the Act in relation to the merger or transfer of business pertaining to said notice, or when the notification under Article 13, paragraph (1) or Article 24, paragraph (1), item (i) or (ii) of the Act is received, it shall immediately notify the administrative agency that has made the notice pursuant to paragraph (1) to that effect.
- (3) When the administrative agency that has made the notice under paragraph (1) has rendered a disposition for the application for authorization for change pertaining to the notice under paragraph (1), it shall immediately notify the administrative agency (excluding the administrative agency that has received the application for authorization for change under Article 11, paragraph (1) of the Act) that has received the notice under paragraph (1) to that effect.

(Transfer of Work Related to Public Interest Corporation)

- Article 10 (1) Transfer of work pursuant to Article 12, paragraph (2) of the Act (including the cases where applied mutatis mutandis pursuant to Article 25, paragraph (4) of the Act) shall take place for the work under the provisions of the Act pertaining to the public interest corporation (hereinafter referred to as the "Work Related to Public Interest Corporation") that has received the authorization (in cases where applied mutatis mutandis pursuant to Article 25, paragraph (4) of the Act, approval; the same shall apply hereinafter in this Article) for change accompanying the change of the administrative agency.
- (2) When the administrative agency (referred to as the "administrative agency after the change in the following paragraph") has rendered a disposition for the application for authorization for change accompanying the change of the administrative agency, it shall immediately notify the administrative agency (in cases where applied mutatis mutandis pursuant to Article 25, paragraph (4) of the Act, if there are two or more public interest corporations that ceases to exist as a result of the merger, the administrative agencies that have jurisdiction over the respective public interest corporations; the same shall apply hereinafter in this Article) before the change to that effect.
- (3) The administrative agency before the change that has received the notice to the effect that the authorization for change has been granted under the preceding paragraph shall carry out the following matters:
- (i) Transfer of the books and documents (including electromagnetic records) relating to the Work Related to Public Interest Corporation to the administrative agency after the change; and
 - (ii) Other matters that the administrative agency after the change finds necessary.

(Notification of Change)

- Article 11 (1) A public interest corporation that intends to give the notification of change pursuant to Article 13, paragraph (1) of the Act shall submit a written notification prepared using Form No. 3 to the administrative agency.
- (2) Matters specified by Cabinet Office Ordinance as provided in Article 13, paragraph (1), item (iv) of the Act shall be as follows:
- (i) Names of the Directors, etc. (excluding the representative persons) or accounting auditors;
 - (ii) Standards of payment of remuneration, etc. provided in Article 5, item (xiii) of the Act; and
 - (iii) Authorization, etc. provided in Article 6, item (iv) of the Act.
- (3) Among the documents listed in the items of Article 7, paragraph (2) of the Act, those pertaining to the change shall be attached to the written notification

under paragraph (1).

Chapter II Business Activities, etc. of Public Interest Corporations

Section 1 Account

Subsection 1 General Provisions

Article 12 For the purpose of the interpretation of the terms set forth in this Section, the following Section and Chapter IV and the application of the provisions thereunder, accounting standards for public interest corporations that are generally accepted as fair and appropriate and other accounting practices of public interest corporations shall be considered.

Subsection 2 Ratio of Business for Public Interest Purposes

(Calculation of Amount of Cost)

Article 13 (1) Calculation of the amount that is calculated pursuant to Cabinet Office Ordinance as the amount of cost pertaining to the implementation of the business for public interest purposes as provided in Article 15, item (i) of the Act (hereinafter referred to as the "Amount of Public Interest Implementation Cost"), the amount that is calculated pursuant to Cabinet Office Ordinance as the amount of cost pertaining to the implementation of the profit-making business, etc. as provided in Article 15, item (ii) of the Act (hereinafter referred to as the "Amount of Profit-Making, etc. Implementation Cost"), and the amount that is calculated pursuant to Cabinet Office Ordinance as the amount of ordinary cost necessary for the operation of said public interest corporation as provided in Article 15, item (iii) of the Act (hereinafter referred to as the "Amount of Administration and Operation Cost") shall be in accordance with what is provided in this Section.

(2) Unless otherwise provided, the Amount of Public Interest Implementation Cost, Amount of Profit-Making, etc. Implementation Cost, and Amount of Administration and Operation Cost (hereinafter referred to as the "Amount of Cost") in each business year of a public interest corporation shall be the amount provided in the following items according to the categories of the Amount of Cost listed in those items:

- (i) Amount of Public Interest Implementation Cost: the amount of business cost pertaining to the business for public interest purposes, which is to be recorded in the profit and loss statement for said business year;
- (ii) Amount of Profit-Making, etc. Implementation Cost: the amount of business cost pertaining to a profit-making business, etc., which is to be recorded in the profit and loss statement for said business year; and
- (iii) Amount of Administration and Operation Cost: the amount of

administration cost, which is to be recorded in the profit and loss statement for said business year.

(Allowances)

Article 14 The amount of the allowance account that is required to be reduced or the amount of the allowance account that has been reduced in each business year (excluding those that are required to be reduced already by the previous business year; hereinafter referred to as the "Allowance Reduction Amount") shall be deducted from the Amount of Cost for said business year according to the categories of business and other operations or activities (hereinafter referred to as the "Business, etc.>").

(Capital Loss, etc. of Properties)

Article 15 (1) When a public interest corporation transfers properties, any loss resulting from said transfer (meaning the amount obtained by deducting the amount of consideration from the amount of cost of said properties) shall not be included in the Amount of Cost of each business year of said public interest corporation.

(2) Notwithstanding the preceding paragraph, when a public interest corporation transfers commodities (including land, buildings, and other real properties owned for the purpose of sale) or manufactured goods in each business year, the amount of cost of these properties shall be included in the Amount of Cost of said business year according to the categories of the Business, etc.

(3) When a public interest corporation has revaluated its properties to reduce their book value, the amount of the reduction shall not be included in the Amount of Cost of each business year of said public interest corporation.

(4) In addition to what is provided in the preceding three paragraphs, the amount of loss resulting from investment in properties by a public interest corporation (meaning the amount obtained by deducting the amount of properties that have come to be obtained with respect to said properties from the amount of properties that have come to be transferred with respect to said properties) shall not be included in the Amount of Cost of each business year of said public interest corporation.

(Amount of Cost Pertaining to Use of Land)

Article 16 (1) When a public interest corporation has used its land for operating the Business, etc. of each business year, the amount obtained by deducting the amount of cost that it has actually borne in using said land from the amount of rent normally required for leasing said land may be included in the Amount of Cost of said business year according to the categories of the Business, etc.

(2) A public interest corporation that has applied the provision of the preceding

paragraph shall apply the provision of the preceding paragraph continuously every business year, unless there are justifiable grounds for not doing so.

(Amount of Cost Pertaining to Loans)

Article 16-2 (1) When a loan of funds is provided without interest or with low interest to a public interest corporation in each business year, the difference between the amount of interest that is calculated with respect to said loan using the interest rate applicable when assuming that funds in the same amount as said loan are procured through a borrowing and the amount of interest that is calculated with respect to said loan using the interest rate pertaining to said loan may be included in the Amount of Cost of said business year according to the categories of the Business, etc.

(2) A public interest corporation that has applied the provision of the preceding paragraph shall apply the provision of the preceding paragraph continuously every business year, unless there are justifiable grounds for not doing so.

(Amount of Cost Pertaining to Provision of Services without Charge)

Article 17 (1) When a public interest corporation has received, without charge, services (including a provision of convenience and a transfer of assets, and excluding those to be recorded as assets; the same shall apply hereinafter) necessary for the Business, etc. of said corporation in each business year, the amount of the necessary consideration (meaning the amount of consideration necessary for receiving services equivalent to said services at the time when said services are provided; the same shall apply hereinafter in this Article) may be included in the Amount of Cost of said business year according to the categories of the Business, etc.

(2) When the amount of consideration paid by a public interest corporation for services necessary for the Business, etc. of said corporation in each business year is low compared with the necessary consideration pertaining to said services, the portion of the difference between said consideration and said necessary consideration that is deemed to have been, in effect, given as a gift or gratuitous provision or conveyance may be included in the Amount of Cost of said business year according to the categories of the Business, etc.

(3) A public interest corporation that has applied the provisions of the preceding two paragraphs shall apply these provisions continuously every business year, unless there are justifiable grounds for not doing so.

(4) A public interest corporation that has applied the provision of paragraph (1) or (2) shall keep evidence of the fact that services have been provided and statements or records of the grounds supporting the calculation of the amount of the necessary consideration for ten years from the last day of said business year.

(Specified Cost Reserve Funds)

Article 18 (1) When a public interest corporation has specified cost reserve funds (meaning the funds (including properties possessed for the purpose of investing said funds; the same shall apply hereinafter) possessed for the purpose of allocating them to expenditures pertaining to costs (limited to those to be recorded as business costs or administrative costs, and excluding those for which allowances are made; the same shall apply hereinafter in this Article) specially incurred for the implementation of specified future activities), the amount obtained by deducting the amount provided in item (ii) from the amount provided in item (i) shall be included in the Amount of Cost of said business year according to the categories of the Business, etc.

(i) The amount of said funds as of the last day of said business year or the maximum limit of reserves (meaning the minimum amount that is required as the amount of costs necessary for the implementation of the activities which are the purpose of said funds; the same shall apply hereinafter) as of the same day, whichever is smaller.

(ii) The amount of said funds as of the last day of the business year preceding said business year or the maximum limit of reserves as of the same day, whichever is smaller.

(2) During the business year to which the preceding paragraph applies and in each subsequent business year, a public interest corporation to which the provision of the preceding paragraph applies shall deduct the amount, which is obtained by deducting the amount provided in item (i) of the preceding paragraph from the amount provided in item (ii) of the preceding paragraph, from the Amount of Cost of said business year according to the categories of the Business, etc.

(3) The specified cost reserve funds referred to in paragraph (1) shall satisfy all the following requirements:

(i) It is expected that the activities which are the purpose of said funds will be conducted;

(ii) Said funds are managed by making a clear distinction from other funds;

(iii) Said funds may not be reduced except in the case of allocating them to the expenditure which is the purpose of said funds, or a special procedure is prescribed for reductions in cases other than said case;

(iv) The maximum limit of reserves is calculated rationally; and

(v) Measures such as retainment and inspection, etc. have been taken for the procedure prescribed under item (iii) and the maximum limit of reserves and the grounds for the calculation thereof in accordance with the provisions of Article 21 of the Act.

(4) A public interest corporation that has the specified cost reserve funds

(excluding those that are required to be reduced pursuant to this paragraph; the same shall apply hereinafter in this Article) shall reduce funds that are equivalent to the amount provided in the following items according to the categories of cases listed in those items:

- (i) Cases where the expenditure which is the purpose of said funds is made: A portion of the amount of said funds that is up to the amount of said expenditure;
 - (ii) Cases where the maximum amount of reserves as of the end of each business year has become lower than the amount of said funds: The portion of said funds as of the end of said business year that is equal to the amount of the shortfall; and
 - (iii) Cases where there is a fact that it has failed to carry out the activities which are the purpose of said funds without justifiable grounds: the amount of said funds as of the day on which said event occurs.
- (5) In cases of item (iii) of the preceding paragraph, the maximum amount of reserves as of the last day of said business year or each subsequent business year shall be zero.
- (6) In any business year in which a public interest corporation merges with another public interest corporation and said other public interest corporation ceases to exist as a result of the merger, the amount of the specified cost reserve funds of said other public interest corporation as of the day preceding the day of said merger and the amount of the maximum amount of reserves of said other public interest corporation as of the same day shall be added to the amount of the specified cost reserve funds and the amount of the maximum limit of reserves provided in paragraph (1), item (ii), respectively.

(Allocation of Amount of Related Cost)

Article 19 Amounts of costs related to the Amount of Public Interest

Implementation Cost and the Amount of Profit-Making, etc. Implementation Cost, and amounts of costs related to these Costs and the Amount of Administration and Operation Cost shall be allocated to each respective Amount of Cost based on proper standards; provided, however, that if there is any amount of cost that is difficult to allocate, said amount of cost may be considered to be the Amount of Profit-Making, etc. Implementation Cost when said amount of cost is related to the Amount of Public Interest Implementation Cost and the Amount of Profit-Making, etc. Implementation Cost, and said amount of cost may be considered to be the Amount of Administration and Operation Cost when said amount of cost is related to the Amount of Public Interest Implementation Cost or the Amount of Profit-Making, etc. Implementation Cost, and the Amount of Administration and Operation Cost.

Subsection 3 Restriction on Possession of Idle Property Amount

(Amount Similar to the Cost Required for Operation of the Business for Public Interest Purposes)

Article 20 The amount of items specified by Cabinet Office Ordinance as those similar to the cost required for the operation of the business for public interest purposes as provided in Article 16, paragraph (1) of the Act shall be the amount included in the Amount of Public Interest Implementation Cost pursuant to Article 18, paragraph (1).

(Maximum Amount of Possession of Idle Property Amount)

Article 21 (1) The amount that is calculated pursuant to Cabinet Office Ordinance as provided in Article 16, paragraph (1) of the Act shall be the amount obtained by deducting the sum of the amounts listed in items (iv) to (vi) inclusive from the sum of the amounts listed in items (i) to (iii) inclusive:

- (i) The amount of the business cost pertaining to the business for public interest purposes, which is to be recorded in the profit and loss statement of said business year;
 - (ii) The amount other than the amount provided in the preceding item, which has come to be included in the Amount of Public Interest Implementation Cost of said business year pursuant to Article 15, paragraph (2);
 - (iii) The amount which has come to be included in the Amount of Public Interest Implementation Cost of said business year pursuant to Article 18, paragraph (1);
 - (iv) The Allowance Reduction Amount that has come to be deducted from the Amount of Public Interest Implementation Cost of said business year pursuant to Article 14;
 - (v) The portion of the amount provided in item (i), which has come to be excluded from the Amount of Public Interest Implementation Cost pursuant to Article 15, paragraph (1), (3) or (4); and
 - (vi) The amount which has come to be deducted from the Amount of Public Interest Implementation Cost pursuant to Article 18, paragraph (2).
- (2) For the purpose of the application of the preceding paragraph in cases where the business year is less than one year, the phrase "amount obtained by deducting (...)" in the preceding paragraph shall be deemed to be replaced with the phrase "amount obtained by dividing the amount, which is obtained by deducting (...), by the number of months in said business year and multiplying the result by twelve."
- (3) The number of months referred to in the preceding paragraph shall be calculated in accordance with the calendar, and if the number of months is less than one month, it shall be considered as one month, and if a fraction less than

one month arises, it shall be rounded off.

(Idle Property Amount)

- Article 22 (1) The calculation of the total amount of value of the property specified by Cabinet Office Ordinance as provided in Article 16, paragraph (2) of the Act shall be in accordance with what is provided in this Article.
- (2) The idle property amount of a public interest corporation in each business year shall be the amount obtained by deducting the sum of the following amounts from the amount of assets in said business year:
- (i) The amount of liabilities (including funds (meaning the funds provided in Article 131 of the General Incorporated Associations/Foundations Act; the same shall apply in Article 31, paragraph (4)); the same shall apply hereinafter in this Article); and
 - (ii) The amount obtained by deducting the amount of corresponding liabilities from the sum of the book value of the Properties Subject to Deductions.
- (3) The term "Properties Subject to Deductions" referred to in item (ii) of the preceding paragraph means the properties owned by a public interest corporation as of the last day of said business year, which fall under any of the following properties (excluding funds possessed for the purpose of allocating them to the expenditure pertaining to allowances (meaning the allowances provided in Article 24, paragraph (2), item (i) of the Ordinance for Enforcement of the Act on General Incorporated Associations and General Incorporated Foundations (Ordinance of the Ministry of Justice No. 28 of 2007; hereinafter referred to as the "Ordinance for Enforcement of the General Incorporated Associations/Foundations Act"); the same shall apply hereinafter in this Article):
- (i) The public interest purposes possessed properties provided in Article 26, item (iii);
 - (ii) The properties which are used for a profit-making business, etc. and other operations or activities necessary for operating the business for public interest purposes;
 - (iii) The funds which are possessed for the purpose of allocating them to the acquisition or improvement of the specified properties listed in the preceding two items (limited to the funds that are up to the minimum amount of expenditure necessary for the acquisition of said specified properties);
 - (iv) The specified cost reserve funds (limited to the funds that are up to the maximum limit of reserves);
 - (v) The properties accepted through donation or any other act similar thereto (including properties obtained by disposing of said properties; the same shall apply in the following item), which have been used or possessed in accordance with the use specified by the person who has delivered said

- properties; and
- (vi) The properties accepted through donation or any other act similar thereto, which have been possessed for the purpose of allocating them to the use specified by the person who has delivered said properties.
- (4) The provisions of Article 18, paragraphs (3) to (5) inclusive shall apply mutatis mutandis to the properties listed in item (iii) of the preceding paragraph. In this case, the phrase "specified cost reserve funds provided in paragraph (1)" in Article 18, paragraph (3) and the phrase "specified cost reserve funds" in Article 18, paragraph (4) shall be deemed to be replaced with the phrase "funds provided in Article 22, paragraph (3), item (iii)," the phrase "activities (...) will be conducted" in Article 18, paragraph (3), item (i) with the phrase "properties (...) will be acquired or improved," the phrase "maximum limit of reserve" in Article 18, paragraph (3), items (iv) and (v), paragraph (4), item (ii) and paragraph (5) with the phrase "minimum amount necessary for the acquisition or improvement of the properties which are the purpose of said funds," and the phrase "failed to carry out the activities" in Article 18, paragraph (4), item (iii) with the phrase "failed to acquire or improve the properties."
- (5) The properties provided in paragraph (3), item (v) shall be those with respect to which measures such as retainment and inspection, etc. have been taken in accordance with the provisions of Article 21 of the Act for the matters provided in the following items according to the categories of cases listed in those items; the same shall apply to the properties provided in paragraph (3), item (vi)
- (i) Cases where said properties are collected widely from the general public: the following matters:
- (a) The fact that said properties are collected widely from the general public;
 - (b) Period of collection;
 - (c) The sum of the amounts of properties that have been accepted (in cases where said properties are in a form other than money, the value of said properties at the time of the acceptance; the same shall apply hereinafter in this paragraph);
 - (d) Method of collection;
 - (e) Contents specified as the use of the properties pertaining to the collection;
 - (f) When the properties referred to in (c) include any properties in a form other than money, the contents of said properties in a form other than money (excluding those whose amount is insignificant; the same shall apply in sub-item (e) of the following item);
- (ii) Cases other than those provided in the preceding item: the following matters:
- (a) Whether a person who has delivered said properties is an individual, corporation or other body (when said person is the national government or

- a local government, or an organ thereof, the name of said person);
 - (b) The day on which said properties have come to be accepted (when said properties have been accepted through donation, the day on which said properties were accepted);
 - (c) The sum of the amounts of properties that have been accepted;
 - (d) Contents of the use specified by the person who has delivered said properties; and
 - (e) When the properties referred to in (c) include any properties in a form other than money, the contents of said properties in a form other than money.
- (6) The provisions of Article 18, paragraph (3) (excluding items (i), (iv) and (v)) shall apply mutatis mutandis to the properties provided in paragraph (3), item (vi). In this case, the phrase "specified cost reserve funds provided in paragraph (1)" in Article 18, paragraph (3) shall be deemed to be replaced with the phrase "funds provided in Article 22, paragraph (3), item (vi)."
- (7) The phrase "amount of corresponding liabilities" referred to in paragraph (2), item (ii) means the sum of the following amounts:
- (i) The sum of the amounts of liabilities corresponding to the respective Properties Subject to Deductions; and
 - (ii) The amount obtained by multiplying the amount, which is obtained by deducting the amount provided in the preceding item and the amount of the designated net properties (limited to those pertaining to the Properties Subject to Deductions; the same shall apply hereinafter in this Article) from the total book value of the Properties Subject to Deductions, by the ratio of the amount provided in sub-item (a) to the sum of the amounts provided in sub-items (a) and (b):
 - (a) The amount obtained by deducting the sum of the amount of the allowance account and the amount of the liabilities corresponding to the respective assets from the amount of liabilities; and
 - (b) The amount obtained by deducting the sum of the amount of liabilities and the amount of designated net properties from the amount of the total assets.
- (8) Notwithstanding the preceding paragraph, a public interest corporation may designate, as the amount of corresponding liabilities provided in the preceding paragraph, the amount obtained by multiplying the amount, which is obtained by deducting the amount of designated net properties from the total book value of the Properties Subject to Deductions, by the ratio of the amount provided in item (i) to the sum of the amounts provided in items (i) and (ii):
- (i) The amount obtained by deducting the amount of the allowance account from the amount of liabilities; and
 - (ii) The amount obtained by deducting the sum of the amount of liabilities and

the amount of designated net properties from the amount of total assets.

Subsection 4 Property for Business for Public Interest Purposes

(Cases Where There Are Justifiable Grounds)

Article 23 Cases where there are justifiable grounds specified by Cabinet Office Ordinance as provided in the proviso of Article 18 of the Act shall be as follows:

- (i) Cases where properties are lost or damaged despite the fact that the due care of a prudent manager has been exercised;
- (ii) Cases where the value of properties has decreased due to obsolescence or non-adaptation or for any other reasons, and it is appropriate to dispose of said properties; and
- (iii) Cases where properties which are equivalent to all or part of the subsidies that a person provided in Article 5, item (xvii) of the Act (hereinafter referred to as the "national government, etc." in this item) has granted or other properties that the national government, etc. has delivered without receiving counter-performance (limited to those delivered with a designation to use for a specified business for public interest purposes) are returned to said national government, etc. on the grounds that there is no prospect of using them for said business for public interest purposes due to the termination of said business for public interest purposes or for any other reasons.

(Rate for Multiplying the Revenue Arising from Profit-Making Businesses)

Article 24 The rate specified by Cabinet Office Ordinance as provided in Article 18, item (iv) of the Act shall be 50%.

(Method to Indicate That Properties Are to be Used for Business for Public Interest Purposes)

- Article 25 (1) The method specified by Cabinet Office Ordinance as provided in Article 18, item (vii) of the Act shall be the method to indicate the account titles of the properties separately from the account titles of other properties in the inventory of property, balance sheet or annexed detailed statements.
- (2) The indication pursuant to the preceding paragraph shall not be made for any properties other than the properties that are possessed for the purpose of using them for the business for public interest purposes on an ongoing basis.

(Properties That Are Found to be Obtained as the Result of the Operation of the Business for Public Interest Purposes or to be Possessed for the Operation of the Business for Public Interest Purposes)

Article 26 Properties specified by Cabinet Office Ordinance as provided in Article

18, item (viii) of the Act shall be as follows:

- (i) In cases of a public interest incorporated association, the properties equivalent to the portion of the expenses (meaning the expenses provided in Article 27 of the General Incorporated Associations/Foundations Act and excluding those that are found substantially to be the consideration or other revenues pertaining to businesses, etc.; the same shall apply in Article 48, paragraph (3), item (i), sub-item (e)) which has been collected on or after the day on which public interest corporation authorization was granted, and which is equivalent to the amount obtained by multiplying the amount of the expenses whose use is not designated upon the collection thereof by 50% or which is equivalent to the amount of the expenses that are designated to use for public interest purposes upon the collection thereof;
- (ii) In cases of succeeding the rights and obligations of another public interest corporation through an absorption-type merger that was carried out on or after the day on which public interest corporation authorization was granted, the properties equivalent to the remaining amount of the public interest purposes acquired property (meaning the amount similar to the remaining amount of the public interest purposes acquired property in cases where public interest corporation authorization for the other public interest corporation was cancelled on the day preceding the day of said merger; the same shall apply in Article 48) of said other public interest corporation as of the day preceding the day of said merger;
- (iii) Properties equivalent to the amount of revenues arising from the public interest purposes possessed properties (meaning the properties listed in items (vi) and (vii) and Article 18, items (v) to (vii) inclusive of the Act; the same shall apply hereinafter) on or after the day on which public interest corporation authorization was granted;
- (iv) Properties equivalent to the amount obtained by disposing of the public interest purposes possessed properties;
- (v) Properties equivalent to the amount of the public interest purposes possessed properties that are designated to be properties other than public interest purposes possessed properties;
- (vi) Properties obtained by disbursing the properties listed in each of the preceding items;
- (vii) Properties which are obtained by disbursing any properties other than the properties listed in items (i) to (v) inclusive and Article 18, items (i) to (iv) inclusive of the Act on or after the day on which public interest corporation authorization was granted, and for which the indication is made pursuant to the preceding Article on or after the same day; and
- (viii) Properties other than those items listed in the items of Article 18 of the Act and the preceding items, which are equivalent to the amount designated

to be used or disposed of for the business for public interest purposes by the articles of incorporation or the general meeting of members or the board of councillors of said corporation.

Section 2 Inventory of Property, etc.

(Documents to be Prepared and Retained No Later Than the Commencement of Business Year)

Article 27 Documents specified by Cabinet Office Ordinance as provided in Article 21, paragraph (1) of the Act shall be the following documents pertaining to said business year:

- (i) A written business plan;
- (ii) A written budget for revenue and expenditures; and
- (iii) A document stating the projected fund procurement and capital investment.

(Documents to be Prepared and Retained within Three Months after the End of Business Year)

Article 28 (1) Documents specified by Cabinet Office Ordinance as provided in Article 21, paragraph (2), item (iv) of the Act shall be as follows:

- (i) A cash flow statement (limited to cases where such statement is prepared or accounting auditors shall be appointed pursuant to Article 5, item (xii) of the Act); and
 - (ii) Documents stating an outline of the circumstances of their operational organization and business activity and important figures related thereto.
- (2) The documents listed in the items of the preceding paragraph do not need to be prepared in cases where the documents listed in the items of Article 21, paragraph (2) of the Act are prepared without delay after the public interest corporation authorization was granted.

(Written Budget for Revenue and Expenditures, Inventory of Property and Cash Flow Statement)

Article 29 The written budget for revenue and expenditures to be prepared pursuant to Article 21, paragraph (1) of the Act and the inventory of property and cash flow statement to be prepared pursuant to Article 21, Paragraph (2) of the Act shall be in accordance with what is provided in the following Article to Article 33 inclusive.

(Categorization of Written Budget for Revenue and Expenditures)

Article 30 (1) The written budget for revenue and expenditures provided in Article 27, item (ii) shall be presented for the following categories. In this case, each category (excluding the category listed in item (ii)) may be subdivided into

appropriate items.

(i) Ordinary profit;

(ii) Operating expense;

(iii) Administrative expense;

(iv) Non-ordinary profit; and

(v) Non-ordinary expense.

(2) The category pertaining to the operating expense shall have the following items. In this case, each item may be subdivided into appropriate sub-items.

(i) Operating expense pertaining to the business for public interest purposes; and

(ii) Operating expense pertaining to a profit-making business, etc.

(3) The amounts pertaining to the business for public interest purposes shall be clarified for the categories listed in paragraph (1), items (i), (iv) and (v).

(4) The categories listed in paragraph (1), items (iv) and (v) may be given names that are suitable for representing the non-ordinary profit or non-ordinary expense.

(5) Each item in the written budget for revenue and expenditures shall be given a name that is suitable for representing the content of said item.

(6) The profit and loss statement to be prepared by a public interest corporation pursuant to Article 123, paragraph (2) of the General Incorporated Associations/Foundations Act (including cases where applied mutatis mutandis pursuant to Article 199 of the General Incorporated Associations/Foundations Act) shall be in accordance with the provision of the preceding paragraphs.

(Categories of Inventory of Property)

Article 31 (1) The inventory of property provided in Article 21, paragraph (2), item (i) of the Act shall be presented by dividing it into the following sections. In this case, the liabilities section may be subdivided into appropriate items.

(i) Assets section; and

(ii) Liabilities section.

(2) The assets section shall be divided into the following items. In this case, each item may be subdivided into appropriate items.

(i) Current assets; and

(ii) Fixed assets.

(3) Each item in the inventory of property shall be given a name that is suitable for representing the content of said item. In this case, public interest purposes possessed properties shall be presented according to the method provided in Article 25, paragraph (1).

(4) The balance sheet to be prepared by a public interest corporation pursuant to Article 123 of the General Incorporated Associations/Foundations Act (including cases where applied mutatis mutandis pursuant to Article 199 of the

General Incorporated Associations/Foundations Act) shall be in accordance with the provision of the preceding three paragraphs. In this case, the net assets section shall be divided into the following items.

- (i) Funds;
- (ii) Designated net properties; and
- (iii) General net properties.

(Categories of Cash Flow Statement)

Article 32 (1) The cash flow statement provided in Article 28, paragraph (1), item (i) shall state the status of cash flow for the categories listed in the following items. In this case, each category may be subdivided into appropriate items.

- (i) Cash flow from business activities;
 - (ii) Cash flow from investment activities;
 - (iii) Cash flow from financing activities;
 - (iv) Increases or decreases in cash and cash equivalents;
 - (v) The beginning balances of cash and cash equivalents; and
 - (vi) The ending balances of cash and cash equivalents.
- (2) The category of the cash flow from business activities shall be presented by the direct method or indirect method.
- (3) Translation adjustments on cash and cash equivalents, if any, shall be presented separately from the categories listed in the items of paragraph (1).
- (4) Each item of the cash flow statement shall be given a name that is suitable for representing the content of said item.

(Inventory of Property and Cash Flow Statement That Require Retainment, etc.)

Article 33 (1) The inventory of property provided in Article 21, paragraph (2), item (i) of the Act and the cash flow statement provided in Article 28, paragraph (1), item (i) shall be approved by the annual meeting of the general meeting of members or annual meeting of the board of councillors (in cases where Article 127 of the General Incorporated Associations/Foundations Act (including cases where applied mutatis mutandis pursuant to Article 199 of the General Incorporated Associations/Foundations Act) applies, the board of directors).

- (2) The provisions of Articles 124 to 127 inclusive of the General Incorporated Associations/Foundations Act (including cases where these provisions are applied mutatis mutandis pursuant to Article 199 of the General Incorporated Associations/Foundations Act) and the provisions of Articles 35 to 48 inclusive of the Ordinance for Enforcement of the General Incorporated Associations/Foundations Act (including cases where these provisions are

applied mutatis mutandis pursuant to Article 64 of the Ordinance for Enforcement of the General Incorporated Associations/Foundations Act) shall apply mutatis mutandis to the procedures for a public interest corporation to seek the approval under the preceding paragraph pertaining to the inventory of property and cash flow statement provided in the preceding paragraph.

(Electromagnetic Record)

Article 34 The records specified by Cabinet Office Ordinance as provided in Article 21, paragraph (3) of the Act shall be those recording information in a file prepared using a magnetic disk or any other equivalent media on which certain information can be securely recorded.

(Method of Indicating Matters Recorded in Electromagnetic Records)

Article 35 The method specified by Cabinet Office Ordinance as provided in Article 21, paragraph (4), item (ii) of the Act shall be the method to indicate the matters recorded in said electromagnetic records on paper or on the screen of an output device.

(Measures for Making the Inventory of Property, etc. Available for Inspection by Electromagnetic Records at Subordinate Offices)

Article 36 The measures specified by Cabinet Office Ordinance as provided in Article 21, paragraph (6) of the Act shall be a method whereby an electronic data processing system connecting the computers used by a public interest corporation via telecommunications line is used, and where the details of information recorded in a file stored on the computer is to be recorded in the file stored on the computer used by subordinate offices of the public interest corporation via telecommunications line.

(Submission of Written Business Plan, etc.)

Article 37 When submitting the documents provided in Article 21, paragraph (1) of the Act pursuant to Article 22, paragraph (1) of the Act, a submission form using Form No. 4, with the documents provided in Article 21, paragraph (1) attached, shall be submitted to the administrative agency, and a document certifying that the documents provided in Article 21, paragraph (1) of the Act have been approved by the board of directors (in cases where approval of the general meeting of members or the board of councillors has been obtained, said general meeting of members or board of councillors) shall also be attached.

(Submission of Business Report, etc.)

Article 38 (1) When submitting the inventory of property, etc. (excluding the documents provided in Article 21, paragraph (1) and the articles of

incorporation; the same shall apply hereinafter in this paragraph) pursuant to Article 22, paragraph (1) of the Act, a submission form using Form No. 5, with the inventory of property, etc. attached, shall be submitted to the administrative agency, and the following documents shall also be attached.

(i) Documents listed in Article 5, paragraph (3), item (vi); and

(ii) Documents stating the following matters:

(a) Matters stated in the documents listed in Article 28, paragraph (1), item

(ii) and a detailed statement of calculation of figures; and

(b) Other matters for reference;

(iii) In addition to what is listed in the preceding two items, documents that the administrative agency finds necessary for ensuring the appropriate conduct of business of a public interest corporation.

(2) Among the documents provided in the preceding paragraph pertaining to the business year which includes the day on which public interest corporation authorization was granted, the financial statements, etc. provided in Article 129, paragraph (1) of the General Incorporated Associations/Foundations Act (including cases where applied mutatis mutandis pursuant to Article 199 of the General Incorporated Associations/Foundations Act) shall be prepared with said business year being divided into the period from the day of the commencement of said business year to the day preceding the day on which public interest corporation authorization was granted and the period from the day on which public interest corporation authorization was granted to the last day of said business year.

(Method of Inspection)

Article 39 (1) Inspection or copying pursuant to Article 22, paragraph (2) of the Act shall be conducted at the places specified by the administrative agency.

(2) The administrative agency shall publicize the places specified in the preceding paragraph by means of using the Internet or other appropriate methods.

(Documents Audited by Accounting Auditors)

Article 40 Documents specified by Cabinet Office Ordinance as provided in Article 23 shall be as follows:

(i) Inventory of properties; and

(ii) Cash flow statement.

Section 3 Procedures for Notification of Merger, etc.

(Notification of Merger, etc.)

Article 41 (1) A public interest corporation which intends to submit a

- notification pursuant to Article 24, paragraph (1) of the Act shall submit a written notification prepared using Form No. 6 to the administrative agency.
- (2) Documents specified in the following items shall be attached to the written notification referred to in the preceding paragraph, according to the categories of actions listed in the following items:
- (i) A merger listed in Article 24, paragraph (1), item (i) of the Act: a copy of the merger agreement and a copy of the minutes of the board of directors that resolved said merger;
 - (ii) A transfer of business listed in Article 24, paragraph (1), item (ii) of the Act: a copy of the transfer agreement and a copy of the minutes of the board of directors that resolved said transfer; and
 - (iii) Total abolition of the business for public interest purposes listed in Article 24, paragraph (1), item (iii) of the Act: a copy of the minutes of the board of directors that resolved said abolition.
- (3) In cases where a public interest corporation has submitted a notification pursuant to Article 24, paragraph (1), item (i) of the Act and has survived through the merger pertaining to said notification, if there is any of the changes listed in the items of Article 13, paragraph (1) of the Act due to said merger, it shall submit to the administrative agency, without delay, a document stating that said change has been made and the documents listed in the items of Article 7, paragraph (2) of the Act pertaining to said change.
- (4) The public interest corporation referred to in the preceding paragraph shall submit to the administrative agency, within three months from the day of said merger, the documents listed in the items of Article 8, paragraph (4) pertaining to a public interest corporation that ceases to exist as a result of said merger.

(Approval of Succession of Status by Merger)

- Article 42 (1) A public interest corporation which intends to obtain the approval provided in Article 25, paragraph (1) of the Act shall submit a written application prepared using Form No. 7 to the administrative agency.
- (2) The documents listed in Article 7, paragraph (2), items (i) to (v) inclusive of the Act as applied *mutatis mutandis* pursuant to Article 25, paragraph (4) of the Act, and the following documents, shall be attached to the written application referred to in the preceding paragraph:
- (i) When a public interest corporation has been consolidated through a consolidation-type merger, a copy of the minutes of its board of directors that resolved said merger;
 - (ii) A document listed in Article 5, paragraph (3), item (vi) pertaining to the public interest corporation consolidated through the consolidation-type merger;
 - (iii) Documents listed in Article 5, paragraph (3), items (ii) to (v) inclusive and

- item (vii) pertaining to the newly established juridical person.
- (3) A public interest corporation which has been established by obtaining the approval under Article 25, paragraph (1) of the Act shall submit the articles of incorporation and a certificate of registered information to the administrative agency without delay after its establishment.
- (4) The public interest corporation referred to in the preceding paragraph shall submit to the administrative agency, within three months from the day of its establishment, the documents listed in the items of Article 8, paragraph (4) pertaining to a public interest corporation that ceases to exist as a result of said merger.

(Notice to Concerned Administrative Agencies Pertaining to Approval of Succession of Status by Merger)

- Article 43 (1) In cases where the administrative agency has received an application for approval under Article 25, paragraph (1) of the Act and when said application for approval is incidental to a merger with another public interest corporation, the administrative agency shall immediately give a notice thereon to an administrative agency having jurisdiction over said other public interest corporation.
- (2) When the administrative agency which has received a notice under the preceding paragraph is notified under Article 24, paragraph (1), item (i) of the Act with respect to a merger pertaining to said notice, it shall immediately notify the administrative agency which has given the notice under the preceding paragraph to that effect.
- (3) When the administrative agency which has given a notice under paragraph (1) renders a disposition on the application for approval pertaining to the notice under paragraph (1), it shall immediately notify the administrative agency which has received the notice under paragraph (1) to that effect.

(Notification of Dissolution)

- Article 44 (1) When a public interest corporation intends to give notification under Article 26, paragraphs (1) to (3) inclusive of the Act, it shall submit to the administrative agency a written notification prepared using Forms No. 8 to 10 inclusive, according to the categories of notification listed in the items of the following paragraph:
- (2) The following document specified in the following items shall be attached to the written notification referred to in the preceding paragraph, according to the categories of notification listed in the following items:
- (i) Notification under Article 26, paragraph (1) of the Act: a certificate of registered information certifying that the dissolution and liquidator have been registered;

- (ii) Notification under Article 26, paragraph (2) of the Act: in cases where a juridical person to which said remaining property are to be delivered is any of the juridical persons listed in Article 5, item (xvii), sub-items (a) to (g) inclusive of the Act, a document certifying that effect; and
- (iii) Notification under Article 26, paragraph (3) of the Act: a certificate of registered information certifying that the completion of liquidation has been registered, and a statement of accounts provided in Article 240, paragraph (1) of the General Incorporated Associations/Foundations Act.

Chapter III Report and Inspection

(Report)

- Article 45 (1) When a public interest corporation has been requested by the administrative agency to make a report pursuant to Article 27, paragraph (1) of the Act, it shall submit a written report.
- (2) When the administrative agency requests the report provided in the preceding paragraph, it shall clearly indicate the form and the time limit for the submission of the written report and any other necessary matters.

(Form of Identification Cards of Officials)

- Article 46 The certificate referred to in Article 27, paragraph (2) of the Act shall conform to Form No. 11.

Chapter IV Remaining Amount of the Public Interest Purposes Acquired Property

(Taxes and Other Public Dues Determined after Cancellation of Authorization)

- Article 47 Payments specified by Cabinet Office Ordinance as provided in Article 30, paragraph (2), item (iii) of the Act shall be taxes and other public dues to be borne as a result of the operation of the business for public interest purposes on or after the day on which public interest corporation authorization was granted to said public interest corporation and which have been determined on or after the day of the cancellation of public interest corporation authorization under Article 30, paragraph (1) of the Act or the day of a merger.

(Remaining Amount of the Public Interest Purposes Acquired Property as of the Last Day of Each Business Year)

- Article 48 (1) In each business year, a public interest corporation shall calculate the remaining amount of the public interest purposes acquired property as of the last day of said business year (meaning the amount similar to the remaining amount of the public interest purposes acquired property in cases

where public interest corporation authorization was cancelled on the same day; the same shall apply hereinafter in this Article).

(2) The remaining amount of the public interest purposes acquired property as of the last day of said business year as provided in the preceding paragraph shall be the sum of the following amounts:

- (i) The difference between the increase and decrease for public interest purposes as of the last day of said business year; and
- (ii) The total book value of the public interest purposes possessed properties as of the last day of said business year.

(3) The difference between the increase and decrease for public interest purposes as of the last day of said business year as provided in item (i) of the preceding paragraph shall be the amount obtained by adding the amount provided in item (i) to the difference between the increase and decrease for public interest purposes as of the last day of the business year preceding said business year (in cases of the business year which includes the day on which public interest corporation authorization was granted or the business year which includes the day of the incorporation of a juridical person established by obtaining the authorization under Article 25, paragraph (1) of the Act (hereinafter referred to as the "Business Year of Authorization, etc."), zero), and deducting the amount provided in item (ii) from the result:

(i) The sum of the following amounts:

- (a) The amount (in cases where property consists of property other than money, the value at the time of accepting said property; the same shall apply hereinafter in this paragraph) of the property (excluding those that a person who has donated said property designated to use for a purpose other than the business for public interest purposes) donated during said business year (in cases of the Business Year of Authorization, etc., the period from the day on which public interest corporation authorization was granted or the day of incorporation of a juridical person established by obtaining the authorization under Article 25, paragraph (1) of the Act (referred to as the "day of authorization, etc." in sub-item (h)) to the last day of the business year; the same shall apply hereinafter in this paragraph);
- (b) The amount of subsidies or other properties delivered during said business year (excluding those that persons who delivered properties designated to use for a purpose other than the business for public interest purposes);
- (c) The amount of the consideration of activities pertaining to the business for public interest purposes engaged in during said business year;
- (d) The amount obtained by multiplying the amount of revenues arising from each profit-making business, etc. in said business year by 50%;

- (e) In cases of a public interest incorporated association, the amount of the expenses paid by members during said business year, which is equivalent to the amount obtained by multiplying the amount of the expenses whose use is not designated upon the collection thereof by 50% or which is equivalent to the amount of the expenses that are designated to use for public interest purposes upon the collection thereof;
- (f) In cases of succeeding the rights and obligations of another public interest corporation through a merger in said business year, the remaining amount of the public interest purposes acquired property of said other public interest corporation as of the day preceding the day of said merger;
- (g) The amount of revenues arising from the public interest purposes possessed properties during said business year;
- (h) The amount obtained by deducting the total book value of the public interest purposes possessed properties as of the last day of said business year from the total book value of the public interest purposes possessed property as of the day preceding the initial day of said business year (in cases of the Business Year of Authorization, etc., the total book value of the properties (limited to those that are found to be acquired before the day on which public interest corporation authorization was granted (in cases where said properties have been succeeded from a public interest corporation that ceases to exist as a result of a merger, the properties which had been acquired by said public interest corporation ceasing to exist before the day on which public interest corporation authorization was granted to said public interest corporation ceasing to exist and which were the properties listed in Article 18, item (vi) of the Act in said public interest corporation ceasing to exist; the same shall apply hereinafter)) listed in Article 18, item (vi) of the Act as of the day of authorization, etc.; the same shall apply in sub-item (d) of the following item);
- (i) The amount required for the improvement of the properties listed in Article 18, item (vi) of the Act in said business year;
- (j) The Allowance Reduction Amount in said business year; and
- (k) Except for those items listed in sub-items (a) to (j) inclusive, the amount that has become the property for business for public interest purposes in said business year pursuant to the provisions of the articles of incorporation or the provisions provided by the general meeting of members or the board of councillors;
- (ii) The sum of the following amounts:
 - (a) The amount obtained by adding the amount provided in Article 21, paragraph (1), item (ii) to the amount provided in Article 21, paragraph (1), item (i), and deducting the amount provided in Article 21, paragraph (1), item (v) from the result, in said business year;

- (b) Except for those items listed in sub-item (a), the amount of expense and loss (limited to those which arose when there are justifiable grounds provided in the proviso of Article 18 of the Act, the same shall apply in sub-item (c)) which arose with respect to the public interest purposes possessed properties in said business year;
 - (c) Except for those items listed in sub-items (a) and (b), the amount of non-ordinary expense which arose as a result of the operation of the business for public interest purposes in said business year;
 - (d) The amount obtained by deducting the total book value of the public interest purposes possessed properties as of the day preceding the initial day of said business year from the total book value of the public interest purposes possessed properties as of the last day of said business year; and
 - (e) Except for those items listed in sub-items (a) to (d) inclusive, the amount of properties donated to another public interest corporation in said business year for the business for public interest purposes of said other public interest corporation.
- (4) In cases of a public interest corporation that ceases to exist as a result of merger as referred to in item (i), sub-item (f) of the preceding paragraph, its remaining amount of the public interest purposes acquired property as of the day preceding the day of said merger shall be the sum of the following amounts. In this case, the calculation shall be made by deeming that the day preceding the day of said merger is the last day of said business year, and items based on the inventory of property, balance sheet, profit and loss statement and their annexed detailed statements shall be based on the documents listed in Article 8, paragraph (4), item (ii); the same shall apply in Article 50, paragraph (3).
- (i) The difference between the increase and decrease for public interest purposes as of the day preceding the day of said merger; and
 - (ii) The total value of the public interest purposes possessed properties as of the day preceding the day of said merger.

(Remaining Amount of the Public Interest Purposes Acquired Property in Cases of Cancellation, etc. of Public Interest Corporation Authorization)

- Article 49 In cases where the administrative agency has cancelled the public interest corporation authorization under Article 29, paragraph (1) or (2) of the Act or a public interest corporation has been that ceases to exist as a result of merger (excluding cases where the juridical person that succeeds the rights and obligations of said public interest corporation is a public interest corporation), the remaining amount of the public interest purposes acquired property provided in Article 30, paragraph (2) of the Act shall be the sum of the following amounts (in cases where the sum becomes less than zero, zero).
- (i) The difference between the increase and decrease for public interest

purposes as of the last day of the latest business year pertaining to the inventory of property, etc. submitted pursuant to Article 22 of the Act (referred to as the "last submission business year" in the following item and the following Article); and

- (ii) The total value of the properties as of the day preceding the day of cancellation of said public interest corporation authorization or the day of merger (hereinafter referred to as the "day of cancellation, etc."), when said properties were the public interest purposes possessed properties (excluding the properties listed in Article 18, item (vi) of the Act; the same shall apply in the following Article) as of the last day of the last submission business year.

(Report of Change in the Remaining Amount of the Public Interest Purposes Acquired Property)

Article 50 (1) If the remaining amount of the public interest purposes acquired property as of the day of cancellation, etc. differs from the amount provided in the preceding Article, the authorization cancelled juridical person, etc. shall submit to the administrative agency a report prepared using Form No. 12 within three months from the same day (in cases where the public interest corporation ceases to exist as a result of merger, the day of said merger; the same shall apply in Article 51).

- (2) The following documents shall be attached to the report referred to in the preceding paragraph:

- (i) A document that certifies the details of the change in the difference between the increase and decrease for public interest purposes for the period from the day following the last day of the most recent submission business year to the day of cancellation, etc.;
- (ii) A document stating the basis for the value of the public interest purposes possessed property as of the day of cancellation, etc.; and
- (iii) A document certifying the facts stated in the report referred to in the preceding paragraph and the documents referred to in the preceding two items.

- (3) The remaining amount of the public interest purposes acquired property as of the day of cancellation, etc. as referred to in paragraph (1) shall be the sum of the following amounts (in cases where the sum becomes less than zero, zero):

- (i) The difference between the increase and decrease for public interest purposes as of the day of cancellation, etc.; and
- (ii) The total value of the public interest purposes possessed properties as of the day of cancellation, etc.

- (4) If the administrative agency finds that the remaining amount of the public interest purposes acquired property as of the day of cancellation, etc. differs

from the amount provided in the preceding Article, it shall increase or decrease the amount provided in the preceding Article.

(Preparation of Documents Equivalent to Financial Statements and Their Annexed Detailed Statements of an Authorization Cancelled Juridical Person, etc.)

Article 50-2 (1) An authorization cancelled juridical person, etc. shall prepare documents stating the matters which have been stated or which shall be stated in the financial statements and their annexed detailed statements provided in Article 123, paragraph (2) of the General Incorporated Associations/Foundations Act (including cases where applied mutatis mutandis pursuant to Article 199 of the General Incorporated Associations/Foundations Act) pertaining to the period from the initial day of the business year which includes the day of cancellation, etc. to the day of cancellation, etc.

(2) In the cases listed in paragraph (1) of the preceding Article, an authorization cancelled juridical person, etc. shall attach the documents listed in the preceding paragraph in addition to the documents listed in paragraph (2) of the preceding Article.

(Report of Formation of a Contract Pertaining to Donation of Property Equivalent to the Remaining Amount of the Public Interest Purposes Acquired Property)

Article 51 (1) When a written contract pertaining to the donation of property is formed pursuant to the provisions of the articles of incorporation provided in Article 5, item (xvii) of the Act within one month from the day of cancellation, etc., an authorization cancelled juridical person, etc. shall submit to the administrative agency within three months from the day of cancellation, etc. a written report prepared using Form No. 13.

(2) The following documents shall be attached to the written report referred to in the preceding paragraph:

- (i) A copy of a contract document pertaining to each contract;
- (ii) In cases where a juridical person to become the recipient of donation pertaining to a contract falls under any of the juridical persons listed in Article 5, item (xvii), sub-items (a) to (g) inclusive of the Act, a document certifying that effect.

(3) When an authorization cancelled juridical person, etc. fails to submit a written report referred to in paragraph (1) within three months from the day of cancellation, etc., it shall be deemed that the contract provided in paragraph (1) was not formed.

Chapter V Public Notice and Publication

(Method of Public Notice)

Article 52 Public notice provided in Article 10 (including cases where applied mutatis mutandis pursuant to Article 11, paragraph (4) and Article 25, paragraph (4) of the Act), Article 13, paragraph (2), Article 24, paragraph (2), Article 26, paragraph (4), Article 28, paragraph (4) and Article 29, paragraph (4) of the Act (including cases where applied mutatis mutandis pursuant to Article 109, paragraph (3) of the Arrangement Act) shall be made by means of using the Internet or other appropriate methods.

(Method of Publication)

Article 53 Publication provided in Article 28, paragraph (2), Article 44, paragraph (1) (including cases where applied mutatis mutandis pursuant to Article 52 of the Act and Articles 134 and 139 of the Arrangement Act) and Article 46, paragraph (2) (including cases where applied mutatis mutandis pursuant to Article 54 of the Act) of the Act shall be made by means of using the Internet or other appropriate methods.

Supplementary Provisions

(Effective Date)

(1) This Cabinet Office Ordinance shall come into force on and after the effective date of the Act (December 1, 2008).

(Special Provisions for Properties That Are Found to be Acquired as a Result of or for the Purpose of Business for Public Interest Purposes of a Transferred Public Interest Corporation)

(2) In cases of a public interest corporation (hereinafter referred to as the "transferred public interest corporation") which has made the registration provided in Article 106, paragraph (1) of the Arrangement Act (hereinafter referred to as the "transfer registration"), the following properties which were possessed by said transferred public interest corporation as of the balance sheet date pertaining to the balance sheet attached to an application for authorization provided in Article 44 of the Arrangement Act shall be considered as the properties provided in Article 26, in addition to the properties listed in the items of Article 26:

- (i) Properties used for the business for public interest purposes;
- (ii) Funds possessed for the purpose of acquiring or improving the properties listed in the preceding item; and
- (iii) Funds which are other than those items listed in the preceding item and possessed for the purpose of allocating them to the business for public

interest purposes.

- (3) For the purpose of the application of Article 26, item (iii) to a transferred public interest corporation which possessed the properties provided in item (i) of the preceding paragraph, the phrase "items (vi) and (vii)" in Article 26, item (iii) shall be deemed to be replaced with the phrase "items (vi) and (vii) and paragraph (2), item (i) of the Supplementary Provisions."
- (4) A transferred public interest corporation shall submit to the administrative agency within three months after the end of the business year which includes the day of the transfer registration a document stating the following matters and an inventory of property prepared pursuant to Article 21, paragraph (2) of the Act as applied by replacing terms pursuant to Article 113 of the Arrangement Act:
- (i) Among the properties possessed as of the day on which the transfer registration was made, the total book value of the properties provided in paragraph (2), item (i) of the Supplementary Provisions (including the properties which have been acquired using the funds provided in paragraph (2), item (ii) of the Supplementary Provisions by the day of the transfer registration and which are used for the purpose of said funds);
 - (ii) Among the funds possessed as of the day on which the transfer registration was made, the total amount of the funds provided in paragraph (2), items (ii) and (iii) of the Supplementary Provisions;
 - (iii) In cases where the properties provided in paragraph (2), item (i) of the Supplementary Provisions have been transferred by the day on which the transfer registration was made, the amount obtained through said transfer;
 - (iv) In cases where any of the properties provided in paragraph (2), item (i) of the Supplementary Provisions was lost or damaged and any property has been delivered in order to cover the damage occurred to said property by the day on which the transfer registration was made, the amount of said delivered property; and
 - (v) In cases where the funds provided in paragraph (2), item (ii) or (iii) of the Supplementary Provisions have been reduced for any purpose other than the purpose of said funds by the day on which the transfer registration was made, the amount of said reduction.

(Remaining Amount of the Public Interest Purposes Acquired Property as of the Last Day of the Business Year Which Includes the Day on Which the Transfer Registration was Made)

- (5) For the purpose of the application of Article 48, paragraph (3) to a transferred public interest corporation in the business year which includes the day on which the transfer registration was made, the phrase "Business Year of Authorization, etc." in Article 48, paragraph (3), item (i), sub-items (a) and (h)

shall be deemed to be replaced with the phrase "business year which includes the day on which the registration was made under Article 106, paragraph (1) of the Arrangement Act," the phrase "the day on which public interest corporation authorization was granted or the day of incorporation of a juridical person established by obtaining the authorization under Article 25, paragraph (1) of the Act (referred to as the "day of authorization, etc." in sub-item (h))" in Article 48, paragraph (3), item (i), sub-item (a) and the phrase "the day of authorization, etc." in Article 48, paragraph (3), item (i), sub-item (h) with the phrase "the day on which said registration was made," the phrase "in cases of the business year which includes the day on which public interest corporation authorization was granted or the business year which includes the day of the incorporation of a juridical person established by obtaining the authorization under Article 25, paragraph (1) of the Act (hereinafter referred to as the "Business Year of Authorization, etc."), zero" in the part of Article 48, paragraph (3) other than listed items with the phrase "in cases of the business year which includes the day on which the registration was made under Article 106, paragraph (1) of the Arrangement Act, the sum of the amounts listed in the items of paragraph (4) of the Supplementary Provisions," the phrase "(... public interest corporation authorization was granted" in Article 48, paragraph (3), item (i), sub-item (h) with the phrase "(... said registration was made," and the phrase "the day on which public interest corporation authorization was granted to" in Article 48, paragraph (3), item (i), sub-item (h) with the phrase "the day on which public interest corporation authorization was granted to or the day on which said registration was made by."

(Special Provisions for the Remaining Amount of the Public Interest Purposes
Acquired Property in Cases of Cancellation of a Public Interest Corporation
Authorization)

- (6) Notwithstanding Article 49, for the purpose of the application of Article 49 to a transferred public interest corporation during the period from the day on which the transfer registration was made to the submission of the documents provided in paragraph (4) of the Supplementary Provisions, the amount provided in Article 49, item (i) shall be considered as the total amount of the funds provided in paragraph (2), items (ii) and (iii) of the Supplementary Provisions, and the amount provided in Article 49, item (ii) shall be considered as the total value of the properties provided in paragraph (2), item (i) of the Supplementary Provisions as of the day of cancellation, etc. provided in Article 49, item (ii).

(Common Properties)

- (7) When properties provided in paragraph (2), item (i) of the Supplementary

Provisions are used for purposes other than the business for public interest purposes (hereinafter referred to as the "Common Properties"), the provisions of paragraph (2) to the preceding paragraph inclusive of the Supplementary Provision shall apply to said Common Properties in proportion to the ratio by which said Common Properties are used for the business for public interest purposes.

- (8) With respect to the funds provided in paragraph (2), item (ii) of the Supplementary Provisions, if properties that are to be acquired in the future using a portion of said funds and used for the purpose of said funds are expected to be Common Properties, the portion of said funds shall be deemed as Common Properties.
- (9) The ratio provided in paragraph (7) of the Supplementary Provisions shall be the ratio of the Amount of Public Interest Implementation Cost allocated under an application for authorization referred to in Article 44 of the Arrangement Act to the Amount of Cost pertaining to said Common Properties (in cases where a ratio which is different from said ratio is designated under the authorization referred to in Article 44, said different ratio).
- (10) For the purpose of the application of the preceding paragraph to the funds provided in paragraph (8) of the Supplementary Provisions, the phrase "allocated" in the preceding paragraph shall be deemed to be replaced with the phrase "to be allocated pursuant to Article 19, supposing that properties will be acquired by using the funds provided in paragraph (2), item (ii) of the Supplementary Provisions and that the properties will be used for the purpose of said funds," the phrase "Amount of Public Interest Implementation Cost" in the preceding paragraph with the phrase "expected Amount of Public Interest Implementation Cost," the phrase "Amount of Cost pertaining to said Common Properties" in the preceding paragraph with the phrase "expected Amount of Cost pertaining to said Common Properties," and the phrase "(in cases where a ratio which is different from said ratio is designated under the authorization referred to in Article 44, said different ratio)." in the preceding paragraph with the phrase "; provided, however, that if said allocation is difficult, the ratio of said properties shall be 100%, notwithstanding Article 19."

(Special Provisions for Presentation of the Inventory of Property Pertaining to Common Properties)

- (11) For the purpose of the application of Article 31, paragraph (3) to a transferred public interest corporation having Common Properties, the phrase "method" in Article 31, paragraph (3) shall be deemed to be replaced with the phrase "method (in cases of Common Properties provided in paragraph (7) of the Supplementary Provisions, a method to clarify in the inventory of property the fact of being said Common Properties and the ratio provided in Article 31,

paragraph (3) pertaining to said Common Properties)."