

# **Act on Limitation on Shareholding by Banks and Other Financial Institutions**

(Act No. 131 of November 28, 2001)

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## **Chapter I General Provisions**

(Purpose)

Article 1 The purpose of this Act is to limit holding of shares, etc. by banks, etc., until otherwise provided for by law, and to facilitate the disposal of subject shares, etc. by banks, etc. in order to secure their sound business operations in view of the public nature of their business and significant changes in circumstances surrounding them, as well as to facilitate the disposal of shares of banks, etc. by companies other than banks, etc. when the disposal contributes to the termination of the relationship wherein banks, etc. and the relevant companies mutually hold shares issued by the other party, thereby contributing to the sound development of the national economy.

(Definitions)

Article 2 The term "banks, etc." as used in this Act means as follows:

(i) the banks prescribed in Article 2, paragraph (1) of the Banking Act (Act No.

- 59 of 1981);
- (ii) the Long-Term Credit Bank prescribed in Article 2 of the Long-Term Credit Bank Act (Act No. 187 of 1952);
  - (iii) the Norinchukin Bank;
  - (iv) the federation of Shinkin banks whose district covers the entire nation.

## **Chapter II Limitation on Shareholding by Banks and Other Financial Institutions**

(Limitation on Shareholding by Banks and Other Financial Institutions)

Article 3 (1) Banks, etc. and their subsidiaries, etc. (meaning subsidiaries and other companies that have a special relationship with those banks, etc. as specified by order of the competent ministry (for those set forth in items (i), (ii) and (iv) of the preceding Article, as specified by Cabinet Office Order, and for Norinchukin Bank set forth in item (iii) of that Article, as specified by Cabinet Office Order and Order of the Ministry of Agriculture, Forestry and Fisheries; hereinafter the same applies in this paragraph and the following Article); hereinafter the same applies in this paragraph and the following paragraph) must not hold, until otherwise provided for by law, shares (excluding those specified by order of the competent ministry) and other equivalent instruments specified by order of the competent ministry (hereinafter referred to as "shares, etc." in this paragraph and the following paragraph), at the total amount specified by order of the competent ministry that exceeds the amount calculated pursuant to order of the competent ministry as the amount equivalent to the equity capital of those banks, etc. and their subsidiaries, etc. (referred to as the "maximum limit of shareholding" in the following paragraph).

- (2) Notwithstanding the provisions of the preceding paragraph, when there are unavoidable grounds such as a merger or otherwise specified by Cabinet Order, banks, etc. and their subsidiaries, etc. may hold shares, etc. at an amount exceeding the maximum limit of shareholding by obtaining advance approval of the competent minister (for those set forth in items (i), (ii) and (iv) of the preceding Article, advance approval of the Prime Minister, and for Norinchukin Bank set forth in item (iii) of that Article, advance approval of the Minister of Agriculture, Forestry and Fisheries and the Prime Minister; the same applies in paragraph (4)).
- (3) Technical replacement of terms in the case of applying the provisions of the preceding two paragraphs to foreign bank branches (meaning the foreign bank branches prescribed in Article 47, paragraph (2) of the Banking Act; hereinafter the same applies in this paragraph) and other matters necessary for the application of the provisions of the preceding two paragraphs to foreign

bank branches are to be specified by Cabinet Order.

- (4) The competent minister may attach conditions to the approval set forth in paragraph (2) as well as alter those conditions.
- (5) The conditions set forth in the preceding paragraph must be those minimum necessary for ensuring the implementation of matters pertaining to the approval or in light of the purpose of the approval.
- (6) The provisions of paragraphs (1) and (2) and the preceding two paragraphs apply mutatis mutandis to bank holding companies (meaning the bank holding companies prescribed in Article 2, paragraph (13) of the Banking Act) and long-term credit bank holding companies (meaning the long-term credit bank holding companies prescribed in Article 16-4, paragraph (1) of the Long-Term Credit Bank Act). In this case, necessary technical replacement of terms is specified by Cabinet Order.

(Delegation to Order of the Competent Ministry)

Article 4 Beyond what is provided for in paragraphs (3) to (5) of the preceding Article, the method for appraisal of shares, etc. prescribed in paragraph (1) of that Article and other matters necessary for the application of the provisions of paragraphs (2) and (6) of the relevant Article are specified by order of the competent ministry.

### **Chapter III Banks' Shareholdings Purchase Corporation**

#### **Section 1 General Provisions**

(Purpose)

Article 5 The Banks' Shareholdings Purchase Corporation (hereinafter referred to as the "BSPC") aims to undertake the operations of purchasing subject shares, etc. held by banks, etc. and thereby facilitating the disposal, etc. of subject shares, etc. by banks, etc. in order to avoid any serious hindrance to the maintenance of an orderly credit system that may be caused by significant price fluctuations of subject shares, etc. as a result of massive disposal in a short period of time of subject shares, etc. by banks, etc. and of shares, etc. of banks, etc. by companies other than banks, etc. that mutually hold shares issued by the other party.

(Legal Personality)

Article 6 The BSPC is to be a juridical person.

(Number)

Article 7 Regarding the BSPC, only one is to be established.

(Name)

- Article 8 (1) The BSPC must use the characters "銀行等保有株式取得機構" (pronounced "ginkoutou hoyuu kabushiki shutoku kikou" (meaning "Banks' Shareholdings Purchase Corporation")) in its name.
- (2) No person other than the BSPC may use the characters "銀行等保有株式取得機構" in its name.

(Registration)

- Article 9 (1) The BSPC must be registered as specified by Cabinet Order.
- (2) The matters that must be registered pursuant to the provisions of the preceding paragraph cannot be asserted against a third party until after they are registered.

(Mutatis Mutandis Application of the Act on General Incorporated Association and General Incorporated Foundation)

- Article 10 The provisions of Articles 4 and 78 of the Act on General Incorporated Association and General Incorporated Foundation (Act No. 48 of 2006) apply mutatis mutandis to the BSPC.

## **Section 2 Members**

(Membership Qualification)

- Article 11 Those holding the membership qualification for the BSPC are limited to banks, etc.

(Withdrawal)

- Article 12 (1) Members may withdraw from the BSPC with an approval thereof, pursuant to the provisions of the articles of incorporation.
- (2) Beyond the case provided in the preceding paragraph, members set forth in the following items are to withdraw from the BSPC on the grounds specified respectively therein:
- (i) the banks set forth in Article 2, item (i): revocation or loss of the license set forth in Article 4, paragraph (1) of the Banking Act;
  - (ii) the Long-Term Credit Bank set forth in Article 2, item (ii): revocation or loss of the license set forth in Article 4, paragraph (1) of the Long-Term Credit Bank Act;
  - (iii) the Norinchukin Bank set forth in Article 2, item (iii): dissolution;
  - (iv) the federation set forth in Article 2, item (iv): revocation or loss of the license set forth in Article 4 of the Shinkin Bank Act (Act No. 238 of 1951).
- (3) Members are obliged to pay any unpaid amount of the contributions prescribed in Article 41, paragraph (1) or (3) or the fees prescribed in Article 42

even after withdrawing from the BSPC.

### **Section 3 Establishment**

(Founders)

Article 13 In order to establish the BSPC, ten or more banks, etc. that intend to become its members must become the founders.

(Organizational Meeting)

Article 14 (1) After preparing the articles of incorporation and the operational rules, founders must invite persons that intend to become members, and hold an organizational meeting by giving public notice of the relevant articles of incorporation and operational rules, as well as the time and place of the meeting, by two weeks prior to the date of the meeting.

- (2) Approval of the articles of incorporation and the operational rules, as well as decisions on any other matters necessary for the establishment of the BSPC, must be made by a resolution of an organizational meeting.
- (3) The articles of incorporation and the operational rules may be amended at the organizational meeting.
- (4) Decisions at the organizational meeting set forth in paragraph (2) are to be made by at least two-thirds of the voting rights of those present at the meeting with the participation of at least half of the founders and the banks, etc. that have presented their intention to become members to the founders before the opening of the meeting.
- (5) Notwithstanding the provisions of Article 31, matters that are necessary for business operations in the business year that includes the date of establishment of the BSPC (including the budget and the financial plan) may be decided by resolutions of the organizational meeting.
- (6) The provisions of the main clause of Article 32, paragraph (2) apply mutatis mutandis to decisions at the organizational meeting set forth in the preceding paragraph.
- (7) The provisions of Articles 33-4 and 33-5 apply mutatis mutandis to resolutions of the organizational meeting.

(Application for Authorization for Establishment)

Article 15 (1) After the end of the organizational meeting, the founders must apply for the authorization for establishment of the BSPC, without delay, by submitting to the Prime Minister and the Minister of Finance a written application for authorization that states the following matters:

- (i) its name;
- (ii) the location of its office;

- (iii) the names of its officers and members.
- (2) The articles of incorporation, operational rules, and other documents stating the matters specified by Cabinet Office Order and Ministry of Finance Order must be attached to the written application for authorization set forth in the preceding paragraph.

(Authorization for Establishment)

Article 16 (1) If an application for the authorization is filed under the provisions of paragraph (1) of the preceding Article, the Prime Minister and the Minister of Finance must examine whether the application conforms to the following criteria:

- (i) the procedures for establishment and the content of the articles of incorporation, and the operational rules conform to the provisions of laws and regulations;
  - (ii) there is no false statement in the written application for authorization, the articles of incorporation, or the operational rules;
  - (iii) any person that falls under any of the items of Article 23 is not included in the officers;
  - (iv) it is found that business operations will certainly be conducted in an adequate manner;
  - (v) the organization of the BSPC for which the application is filed conforms to the provisions of this Act.
- (2) When the Prime Minister and the Minister of Finance find that the application conforms to the criteria set forth in the preceding paragraph as a result of the examination pursuant to the provisions of the relevant paragraph, they must authorize the establishment of the BSPC.

(Handing Over of Affairs)

Article 17 When the authorization for establishment is given as set forth in paragraph (2) of the preceding Article, the founders must hand over their business without delay to the person which is to become the president of the BSPC

(Time of Establishment)

- Article 18 (1) The BSPC is incorporated by having its establishment registered at the location of its principal office.
- (2) When the BSPC has its establishment registered as set forth in the preceding paragraph, it must notify the Prime Minister and the Minister of Finance of that fact without delay.

**Section 4 Management**

(Articles of Incorporation)

Article 19 (1) The articles of incorporation of the BSPC must include the following matters:

- (i) its purpose;
- (ii) its name;
- (iii) the location of its office;
- (iv) matters concerning its members;
- (v) matters concerning its officers;
- (vi) matters concerning its operation committee;
- (vii) matters concerning its assembly;
- (viii) matters concerning its operations and execution thereof;
- (ix) matters concerning contributions;
- (x) matters concerning its finance and accounting;
- (xi) matters concerning dissolution;
- (xii) matters concerning changes to the articles of incorporation;
- (xiii) means of public notice.

(2) Regarding the matters set forth in item (xi) of the preceding paragraph, the following grounds must be provided as the grounds for dissolution:

- (i) the passage of March 31, 2027;
- (ii) the fact that the BSPC has disposed of all shares (including those specified by Cabinet Office Order and Ministry of Finance Order as being equivalent thereto; hereinafter the same applies in this Chapter except in Article 40), beneficial interests in a securities investment trust prescribed in Article 2, paragraph (4) of the Act on Investment Trusts and Investment Corporations (Act No. 198 of 1951) (hereinafter simply referred to as "beneficial interests" in this Chapter), and investment equities prescribed in paragraph (14) of the relevant Article (hereinafter simply referred to as "investment equities" in this Chapter) that it purchased on or after October 1, 2017.

(3) A change to the articles of incorporation of the BSPC does not become effective without the authorization of the Prime Minister and the Minister of Finance.

(Decision on Officers and Operations)

Article 20 (1) The BSPC is to have one president, four or fewer directors, and one inspector as its officers.

(2) Operations of the BSPC are to be decided by majority among the president and directors, unless otherwise specified by the articles of incorporation.

(Officers' Duties and Authority)

Article 21 (1) The president represents the BSPC and presides over its

operations.

- (2) Directors represent the BSPC and assist the president in administering the operations of the BSPC, as specified by the president, and act as proxies in handling the duties of the president if the president is unable to attend to them and perform the duties of the president if the position is vacant.
- (3) The inspector examines the operations of the BSPC.
- (4) The inspector may submit an opinion to the president or to the Prime Minister and the Minister of Finance based on the results of an examination if the inspector finds it necessary.

#### (Appointment and Term of Officers)

Article 22 (1) Officers are appointed and dismissed at general assembly meetings pursuant to the provisions of the articles of incorporation; provided, however, that the officers at the time of establishment are appointed at the organizational meeting.

- (2) The appointment and dismissal of the officers under the provisions of the preceding paragraph does not become effective without the authorization of the Prime Minister and the Minister of Finance.
- (3) The term of an officer is the period specified by the articles of incorporation not exceeding two years; provided, however, that the term of office of an officer at the time of establishment is a period specified at the organizational meeting not exceeding two years.
- (4) Officers may be reappointed.

#### (Grounds for Disqualification as an Officer)

Article 23 A person falling under any of the following items may not serve as an officer of the BSPC:

- (i) in the case where the BSPC has its authorization for establishment rescinded pursuant to the provisions of Article 56, a person that was an officer within 30 days prior to the date of the rescission, for which three years have not elapsed from the date of that rescission;
- (ii) an adult ward or a person under curatorship, or a bankrupt that has not been rehabilitated;
- (iii) a person that has been sentenced to imprisonment or a heavier punishment, for which three years have not elapsed from the date on which the person finished serving the sentence or ceased to be subject to its enforcement;
- (iv) a person that has been sentenced to a fine pursuant to provisions of this Act, the Banking Act, the Long-Term Credit Bank Act, the Norinchukin Bank Act (Act No. 93 of 2001), the Shinkin Bank Act, or the Act on Engagement in Trust Business Activities by Financial Institutions (Act No. 43 of 1943), for



which three years have not elapsed from the date on which the person finished serving the sentence or ceased to be subject to its enforcement.

(Prohibition on the Concurrent Holding of Positions by an Inspector)

Article 24 An inspector must not concurrently hold the position of the president, director, member of the operation committee, or employee of the BSPC.

(Restrictions on the Right to Represent)

Article 25 The president and directors have no representation rights with regard to a matter that constitutes a conflict of interests between the president or respective directors and the BSPC. In this case, the inspector represents the BSPC pursuant to the provisions of the articles of incorporation.

(Operation Committee)

Article 26 (1) The BSPC has an operation committee (hereinafter referred to as the "committee").

- (2) The committee deals with the matters under its authority pursuant to the provisions of this Chapter, and deliberates on material matters on business operations of the BSPC in response to consultation by the president.
- (3) The committee may state opinions to the president with regard to business operations of the BSPC.
- (4) The committee consists of five or fewer members, and the president and directors of the BSPC.
- (5) Members of the committee are appointed by the president from among persons with experience and expertise in financial matters, with the authorization of the Prime Minister and the Minister of Finance.
- (6) Beyond what is provided for in the preceding paragraphs, necessary matters concerning the organization and operation of the committee are specified by Cabinet Office Order and Ministry of Finance Order.

(Duty of Confidentiality of Officers)

Article 27 Officers or employees of the BSPC, members of the committee, or persons that have held any of these positions must not divulge or misappropriate any secret they have learned in the course of duty.

(Status of Officers as Government Employees)

Article 28 With regard to the application of the Penal Code (Act No. 45 of 1907) and other penal provisions, officers and employees of the BSPC and members of the Committee are deemed to be officials that are engaged in public service pursuant to laws and regulations.

## Section 5 General Assembly

### (Calling of General Assembly Meetings)

Article 29 (1) The president must call an ordinary general assembly meeting once in every business year pursuant to the provisions of the articles of incorporation.

(2) The president may call an extraordinary general assembly meeting when the president finds it necessary.

### (Attendance of Designated Employees at Meetings)

Article 30 The Prime Minister and the Minister of Finance may designate employees to have them attend an assembly meeting and state their opinions.

### (Matters to Be Decided at the General Assembly)

Article 31 Beyond what is provided for separately in this Act, the following matters must be decided by resolutions of the general assembly:

- (i) a change to the articles of incorporation;
- (ii) a decision on or a change to the budget and the financial plan;
- (iii) a change to the operational rules;
- (iv) settlement of account;
- (v) dissolution;
- (vi) other matters specified by the articles of incorporation.

### (Decisions at the Assembly)

Article 32 (1) The general assembly may not open a meeting or vote on a resolution without the attendance of at least one half of its total members.

(2) Decisions at the general assembly are to be made by the majority of the voting rights of those present at the meeting, and the chairperson makes the decisions in the event of a tie; provided, however, that decisions on the matters set forth in items (i), (iii), and (v) of the preceding Article are to be made by at least two-thirds of the voting rights of those present at the meeting.

(3) The chairperson is governed by the provisions of the articles of incorporation.

### (Extraordinary General Assembly Meeting)

Article 33 The president must call an extraordinary general assembly meeting when one-fifth or more of the total assembly members make a request by indicating a matter for which a meeting should be held; provided, however, that a quorum different from one-fifth of the total assembly members can be specified by the articles of incorporation.

### (Calling of General Assembly Meetings)

Article 33-2 A notice of calling a general assembly meeting must be given in accordance with the method specified by the articles of incorporation at least five days prior to the date of the assembly meeting, while indicating the matter for which the meeting is to be held.

(Matters to Be Resolved at General Assembly Meetings)

Article 33-3 Only matters for which a notice was given in advance pursuant to the provisions of the preceding Article may be resolved at a general assembly meeting; provided, however, that this does not apply when otherwise specified by the articles of incorporation.

(Voting Rights of the Members)

Article 33-4 (1) Each member has equal voting rights.

(2) Members which do not attend a general assembly meeting may vote in writing or by proxy.

(3) The provisions of the preceding two paragraphs do not apply when otherwise specified by the articles of incorporation.

(When a Member Has No Voting Right)

Article 33-5 When a decision is to be made regarding the relationship between the BSPC and a certain member, that member does not have a voting right.

## **Section 6 Operations**

(Operations)

Article 34 (1) Notwithstanding the provisions of Article 29 of the Financial Instruments and Exchange Act (Act No. 25 of 1948), the BSPC undertakes the following operations in order to accomplish the purpose prescribed in Article 5:

(i) purchase of shares held by the members, and management and disposal of the shares it purchased;

(ii) brokerage for selling of shares held by the members;

(iii) purchase of shares issued by any member that are held by a company other than banks, etc. which is in the relationship specified by Cabinet Office Order and Ministry of Finance Order as the relationship wherein the relevant member and the company mutually hold shares issued by the other party (hereinafter referred to as the "issuing company") (when the majority of the voting rights of all shareholders of that member is held by a single stock company, including shares issued by the single stock company) and management and disposal of the shares it purchased;

(iv) purchase of beneficial interests held by members, and management and disposal of the beneficial interests it purchased;

- (v) purchase of investment equities held by members, and management and disposal of the investment equities it purchased;
  - (vi) collection and management of the contributions prescribed in Article 41, paragraphs (1) and (3) and the fees prescribed in Article 42;
  - (vii) operations incidental to those set forth in the preceding items.
- (2) The shares held by members prescribed in items (i) and (ii) of the preceding paragraph, the beneficial interests held by members prescribed in item (iv) of that paragraph, or the investment equities held by members prescribed in item (v) of the relevant paragraph do not include subject shares, etc. (meaning shares, beneficial interests, or investment equities; the same applies hereinafter) held in the form of trust property pertaining to a monetary or securities trust.
- (3) The shares issued by a member prescribed in paragraph (1), item (iii) include shares issued by subsidiaries of that member (meaning other companies for which the majority of the voting rights of all shareholders are held by the relevant member) or by others specified by Cabinet Office Order and Ministry of Finance Order as being equivalent thereto (when the majority of the voting rights of all shareholders of that member is held by a single stock company, including shares issued by subsidiaries of the single stock company (meaning other companies for which the majority of the voting rights of all shareholders are held by the single stock company) or by others specified by Cabinet Office Order and Ministry of Finance Order as being equivalent thereto) solely for the purpose of enhancing the adequacy of equity capital of the relevant member.

(Entrustment of Operations)

Article 35 The BSPC may entrust part of its operations to a trust company (including a financial institution engaged in trust business; the same applies in Article 39) or others specified by Cabinet Office Order and Ministry of Finance Order with the advance authorization of the Prime Minister and the Minister of Finance.

(Operational Rules)

Article 36 (1) The operational rules of the BSPC must state the matters concerning the purchase, management and disposal of shares, the matters concerning the purchase, management and disposal of beneficial interests, the matters concerning the purchase, management and disposal of investment equities, and other matters specified by Cabinet Office Order and Ministry of Finance Order.

- (2) The BSPC must obtain the authorization of the Prime Minister and the Minister of Finance if it intends to change its operational rules.
- (3) When the Prime Minister and the Minister of Finance find that the

operational rules have become inappropriate for the proper and reliable business operations of the BSPC, they may order the BSPC to make a change to its operational rules.

(Request for the Submission of Materials)

Article 37 (1) The BSPC may request its members to submit materials when it is necessary for the implementation of the BSPC's operations.

(2) Members which have been requested to submit materials pursuant to the provisions of the preceding paragraph must submit those materials without delay.

(3) When the Prime Minister finds it particularly necessary for the implementation of the BSPC's operations upon a request from the BSPC, the Prime Minister may deliver materials to the BSPC or allow the BSPC to inspect those materials.

(Purchase of Shares from Members)

Article 38 (1) The BSPC may conduct the purchase of shares prescribed in Article 34, paragraph (1), item (i) (excluding the purchase under Article 38-4, paragraph (1); the same applies in the following paragraph and paragraph (4)) and the brokerage for selling of shares prescribed in Article 34, paragraph (1), item (ii) only until March 31, 2017.

(2) When the BSPC intends to conduct the purchase of shares prescribed in Article 34, paragraph (1), item (i) (excluding the purchase of shares specified by Cabinet Order as the purchase for which the BSPC is scheduled to immediately dispose of shares it purchased; hereinafter referred to as "special share purchase"), the BSPC must specify the purchase period in advance, following a resolution of the Committee, and notify the Prime Minister and the Minister of Finance of that period.

(3) Special share purchases must not be conducted unless the shares for which the application for the special share purchase is filed fall under any of the following or fulfills other requirements specified by Cabinet Office Order and Ministry of Finance Order are satisfied:

(i) the shares listed on the financial instruments exchange prescribed in Article 2, paragraph (16) of the Financial Instruments and Exchange Act or other shares specified by Cabinet Order as being equivalent thereto;

(ii) preferred shares (meaning shares with preferred contents with regard to dividend of surplus and distribution of residual assets; the same applies hereinafter), for which the BSPC may request the company that issued the preferred shares to deliver the shares set forth in the preceding item issued by the relevant company, in exchange for the relevant preferred shares, by the date not later than March 31, 2027, as specified by Cabinet Office Order

- and Ministry of Finance Order (excluding those set forth in that item);
  - (iii) preferred shares that the company that issued those preferred shares (limited to any company issuing the shares set forth in item (i)) may obtain by the date not later than March 31, 2027, as specified by Cabinet Office Order and Ministry of Finance Order on condition that certain grounds have arisen (only for preferred shares for which the amount of money exceeding the issue price of the relevant preferred shares is delivered in exchange for those preferred shares, excluding those set forth in item (i));
  - (iv) shares specified by Cabinet Office Order and Ministry of Finance Order as being equivalent to the shares set forth in the preceding three items.
- (4) When the BSPC has conducted the purchase of shares prescribed in Article 34, paragraph (1), item (i), the BSPC must promptly report the matters concerning the purchase to the Prime Minister and the Minister of Finance, as specified by Cabinet Office Order and Ministry of Finance Order. The same applies when the BSPC has conducted the brokerage for selling of shares held by members.

(Purchase of Shares from the Issuing Company)

- Article 38-2 (1) The BSPC may conduct the purchase of shares prescribed in Article 34, paragraph (1), item (iii) (excluding the purchase under paragraph (1) of the following Article; the same applies in the following paragraph and paragraph (4)) only until March 31, 2017.
- (2) When the BSPC intends to conduct the purchase of shares prescribed in Article 34, paragraph (1), item (iii) (excluding the purchase of shares specified by Cabinet Order as the purchase for which the BSPC is scheduled to immediately dispose of shares it purchased; hereinafter referred to as "purchase of shares from the issuing company"), the BSPC must specify the purchase period in advance, following a resolution of the Committee, and notify the Prime Minister and the Minister of Finance of that period.
- (3) Purchase of shares from the issuing company must not be conducted unless the shares for which the application for the purchase of shares from the issuing company is filed fall under any of the following or fulfills other requirements specified by Cabinet Office Order and Ministry of Finance Order are satisfied:
- (i) the shares listed on the financial instruments exchange prescribed in Article 2, paragraph (16) of the Financial Instruments and Exchange Act or other shares specified by Cabinet Order as being equivalent thereto;
  - (ii) preferred shares, for which the BSPC may request the company that issued these preferred shares to deliver the shares set forth in the preceding item issued by the company in exchange for the relevant preferred shares, by the date not later than March 31, 2027, as specified by Cabinet Office Order and Ministry of Finance Order (excluding those set forth in that item);
  - (iii) preferred shares that the company that issued those preferred shares

- (limited to any company issuing the shares set forth in item (i)) may obtain by the date not later than March 31, 2027, as specified by Cabinet Office Order and Ministry of Finance Order on condition that certain grounds have arisen (only for preferred shares for which the amount of money exceeding the issue price of the relevant preferred shares is delivered in exchange for those preferred shares, excluding those set forth in item (i));
- (iv) shares specified by Cabinet Office Order and Ministry of Finance Order as being equivalent to the shares set forth in the preceding three items.
- (4) When the BSPC has conducted the purchase of shares prescribed in Article 34, paragraph (1), item (iii), it must promptly report the matters concerning the purchase to the Prime Minister and the Minister of Finance, as specified by Cabinet Office Order and Ministry of Finance Order.

(Purchase of Shares from the Specified Issuing Company When Having Conducted Special Share Purchase)

- Article 38-3 (1) When the BSPC has conducted a special share purchase and if a member that has applied for the special share purchase has simultaneously requested the BSPC to purchase the shares issued by that member (when the majority of the voting rights of all shareholders of the relevant member is held by a single stock company, including shares issued by this single stock company; hereinafter the same applies in this paragraph), the BSPC may purchase the shares issued by that member from the issuing company that issues the shares pertaining to the special share purchase or the issuing company for which the majority of the voting rights of all shareholders are held by a single stock company that issues the shares pertaining to the special share purchase (these Issuing Companies are collectively referred to as the "specified issuing companies" in the following paragraph).
- (2) The BSPC may conduct the purchase of shares under the preceding paragraph only within six months from the date on which it conducted special share purchase set forth in the relevant paragraph, if any of the specified issuing companies has requested the BSPC to purchase the shares.
- (3) The price for the purchase of shares under paragraph (1) must be within the scope of the purchase price for the shares pertaining to the application for special share purchase filed by the member that has requested the BSPC to purchase the shares under the relevant paragraph simultaneously with the request.
- (4) The provisions of paragraphs (3) and (4) of the preceding Article apply mutatis mutandis to the purchase of shares under paragraph (1).
- (5) The shares issued by a member prescribed in paragraph (1) include shares issued by subsidiaries of the relevant member (meaning other companies for which the majority of the voting rights of all shareholders are held by that

member) or by others specified by Cabinet Office Order and Ministry of Finance Order as being equivalent thereto (when the majority of the voting rights of all shareholders of that member is held by a single stock company, including shares issued by subsidiaries of the single stock company (meaning other companies for which the majority of the voting rights of all shareholders are held by the single stock company) or by others specified by Cabinet Office Order and Ministry of Finance Order as being equivalent thereto) solely for the purpose of enhancing the adequacy of equity capital of the relevant member.

(Purchase of Shares from the Specified Member When Having Conducted Purchase of Shares from the Issuing Company)

- Article 38-4 (1) When the BSPC has conducted purchase of shares from the issuing company, and if the issuing company that has applied for the purchase of shares from the issuing company has simultaneously requested the BSPC to purchase the shares issued by the issuing company (when the majority of the voting rights of all shareholders of the issuing company is held by a single stock company, including shares issued by the single stock company; hereinafter the same applies in this paragraph), the BSPC may purchase the shares issued by that issuing company from the member that issues the shares pertaining to the purchase of shares from the issuing company or the member for which the majority of the voting rights of all shareholders are held by a single stock company that issues the shares pertaining to the relevant purchase of shares from the issuing company (these members are collectively referred to as the "specified members" in the following paragraph).
- (2) The BSPC may conduct the purchase of shares under the preceding paragraph only within six months from the date on which it conducted purchase of shares from the issuing company set forth in that paragraph, if any of the specified members has requested the BSPC to purchase the shares.
- (3) The price for the purchase of shares under paragraph (1) must be within the scope of the purchase price for the shares pertaining to the application for purchase of shares from the issuing company filed by the issuing company that has requested the BSPC to purchase the shares under the relevant paragraph simultaneously with the request.
- (4) The provisions of Article 38, paragraph (3) and the first sentence of paragraph (4) apply mutatis mutandis to the purchase of shares under paragraph (1).
- (5) The shares issued by the issuing company prescribed in paragraph (1) include shares issued by subsidiaries of the issuing company (meaning other companies for which the majority of the voting rights of all shareholders are held by the issuing company) or by others specified by Cabinet Office Order and Ministry of Finance Order as being equivalent thereto (when the majority of the voting



rights of all shareholders of the relevant issuing company is held by a single stock company, including shares issued by subsidiaries of the single stock company (meaning other companies for which the majority of the voting rights of all shareholders are held by the single stock company) or by others specified by Cabinet Office Order and Ministry of Finance Order as being equivalent thereto) solely for the purpose of enhancing the adequacy of equity capital of the issuing company.

(Purchase of Beneficial Interests from Members)

- Article 38-5 (1) The BSPC may conduct the purchase of beneficial interests prescribed in Article 34, paragraph (1), item (iv) only until March 31, 2017.
- (2) When the BSPC intends to conduct the purchase of beneficial interests prescribed in Article 34, paragraph (1), item (iv), the BSPC must specify the purchase period in advance, following a resolution of the Committee, and notify the Prime Minister and the Minister of Finance of that period.
- (3) The purchase of beneficial interests prescribed in Article 34, paragraph (1), item (iv) must not be conducted unless the beneficial interests for which the application for the purchase of beneficial interests is filed fall under beneficial interests listed on the financial instruments exchange prescribed in Article 2, paragraph (16) of the Financial Instruments and Exchange Act or fulfills other requirements specified by Cabinet Office Order and Ministry of Finance Order are satisfied.
- (4) When the BSPC has conducted the purchase of beneficial interests prescribed in Article 34, paragraph (1), item (iv), the BSPC must promptly report the matters concerning the purchase to the Prime Minister and the Minister of Finance, as specified by Cabinet Office Order and Ministry of Finance Order.

(Purchase of Investment Equities from Members)

- Article 38-6 (1) The BSPC may conduct the purchase of investment equities prescribed in Article 34, paragraph (1), item (v) only until March 31, 2017.
- (2) When the BSPC intends to conduct the purchase of investment equities prescribed in Article 34, paragraph (1), item (v), it must specify the purchase period in advance, following a resolution of the committee, and notify the Prime Minister and the Minister of Finance of that period.
- (3) The purchase of investment equities prescribed in Article 34, paragraph (1), item (v) must not be conducted unless the investment equities for which the application for the purchase of investment equities is filed fall under investment equities listed on the financial instruments exchange prescribed in Article 2, paragraph (16) of the Financial Instruments and Exchange Act or fulfills other requirements specified by Cabinet Office Order and Ministry of Finance Order are satisfied.

(4) When the BSPC has conducted the purchase of investment equities prescribed in Article 34, paragraph (1), item (v), the BSPC must promptly report the matters concerning the purchase to the Prime Minister and the Minister of Finance, as specified by Cabinet Office Order and Ministry of Finance Order.

(Disposal of Subject Shares)

Article 39 When the BSPC has disposed of subject shares, etc. it purchased (when the BSPC has entrusted the management of subject shares, etc. it purchased to a trust company pursuant to the provisions of Article 35, when the trust company has disposed of those subject shares, etc.), the BSPC must promptly report the matters concerning the disposal to the Prime Minister and the Minister of Finance, as specified by Cabinet Office Order and Ministry of Finance Order.

(Special Provisions of the Companies Act)

Article 40 (1) When a company that issues shares with market price, which have been purchased by the BSPC, intends to repurchase those shares from the BSPC, and passes a resolution as set forth in Article 156, paragraph (1) and Article 160, paragraph (1) of the Companies Act (Act No. 86 of 2005), the provisions of paragraphs (2) and (3) of that Article and Article 309, paragraph (2), item (ii) do not apply.

(2) In the case referred to in the preceding paragraph, the BSPC may not exercise its voting rights on the resolution set forth in the relevant paragraph.

(3) In the case referred to in paragraph (1), the number of the voting rights held by the BSPC is not included in the number of voting rights of attending shareholders with regard to the resolution set forth in the paragraph.

## **Section 7 Contributions**

(Payment of Contributions)

Article 41 (1) Members of the BSPC must pay contributions to be appropriated for costs required for the operations set forth in Article 48, paragraph (1), item (i) (including expenses to be settled in the general account pursuant to paragraph (2) of that Article as prescribed in the relevant paragraph) (hereinafter referred to as the "initial contributions") to the BSPC as specified in the operational rules.

(2) The total amount of the initial contributions must not be less than 10 billion yen.

(3) When the BSPC has purchased shares in response to an application for special share purchase filed by a member (limited to the case where the BSPC purchased shares by the date preceding the date on which the Act Partially

Amending the Act on Limitation on Shareholding by Banks and Other Financial Institutions (Act No. 135 of 2003) comes into effect), the member that filed the application must pay to the BSPC the amount of money obtained by multiplying the purchase price of those shares by 8% as contributions to be appropriated for the costs required for the operations set forth in Article 48, paragraph (1), item (ii) (hereinafter referred to as the "contributions upon sale") as specified by the operational rules.

(4) The BSPC must not return the initial contributions and contributions upon sale.

(Fees)

Article 42 When having purchased subject shares, etc., the BSPC may collect fees from the member that filed the application for the purchase of those subject shares, etc. or the issuing company that filed the application for the purchase of the relevant subject shares, etc. (limited to shares) as specified by the operational rules. The same applies when the BSPC has conducted the brokerage for selling of shares held by members.

(Delinquent Charges)

Article 43 (1) A member that has failed to pay the initial contributions, contributions upon sale, or fees by the due date for payment specified by the operational rules must pay delinquent charges to the BSPC. The same applies to the issuing company that has failed to pay fees by the due date for payment specified by the operational rules.

(2) The amount of the delinquent charges is the amount calculated by multiplying the amount of the unpaid initial contributions or contributions upon sale, or the unpaid fees by 14.5% per annum in accordance with the number of days from the date following the due date for payment to the date on which the delinquent charges are paid.

## **Section 8 Finance and Accounting**

(Business Year)

Article 44 A business year of the BSPC is from April 1 to March 31 of the following year; provided, however, that the business year that includes the date of establishment of the BSPC is from the date of establishment to the first March 31 thereafter.

(Budget)

Article 45 Every business year, the BSPC must prepare a budget and a financial plan and obtain the authorization of the Prime Minister and the Minister of

Finance before the start of the relevant business year (in the business year that includes the date of establishment of the BSPC, without delay after the establishment). The same applies when the BSPC intends to make a change to these.

(Approval of Financial Statements)

Article 46 (1) Every business year, the president must prepare an inventory of assets, balance sheet, and profit and loss statement, as well as a statement of accounts according to the budget classifications and a business report for the relevant business year (hereinafter referred to as "financial statements, etc.") and submit these to the inspector by four weeks prior to the date of the first ordinary general assembly meeting to be called after the end of the relevant business year.

(2) The president must attach a written opinion of the inspector to the financial statements, etc. set forth in the preceding paragraph and submit these to the ordinary general assembly meeting set forth in the relevant paragraph to obtain its approval.

Article 47 (1) Every business year, the BSPC must submit the financial statements, etc. approved by the ordinary general assembly meeting set forth in paragraph (2) of the preceding Article to the Prime Minister and the Minister of Finance within three months after the end of the relevant business year to obtain their approval.

(2) When the BSPC submits the financial statements, etc. to the Prime Minister and the Minister of Finance pursuant to the provisions of the preceding paragraph, it must attach to them a written opinion of the inspector concerning the financial statements, etc.

(3) When the BSPC has obtained the approval of the Prime Minister and the Minister of Finance under the provisions of paragraph (1), it must give public notice of the inventory of assets, balance sheet, and profit and loss statement in the official gazette without delay, and keep the financial statements, etc., annexed detailed statement, and the written opinion of the inspector set forth in the preceding paragraph at its office, and provide these for public inspection for a period of time specified by Cabinet Office Order and Ministry of Finance Order.

(Separate Accounting)

Article 48 (1) The BSPC must separate the accounting and prepare separate accounts for each of the operations set forth in the following items:

(i) operations set forth in the items of Article 34, paragraph (1) (excluding those set forth in the following item);

(ii) the following operations:

(a) special share purchase (including the purchase of shares under Article 38-4, paragraph (1); the same applies in (b) and paragraph (1) of the following Article), purchase of shares from the issuing company (including the purchase of shares under Article 38-3, paragraph (1); the same applies in (b) and paragraph (1) of the following Article), the purchase of beneficial interests prescribed in Article 34, paragraph (1), item (iv) (simply referred to as the "purchase of beneficial interests" in (b) and paragraph (1) of the following Article), the purchase of investment equities prescribed in Article 34, paragraph (1), item (v) (simply referred to as the "purchase of investment equities" in (b) and paragraph (1) of the following Article), and management and disposal of subject shares, etc. purchased through these purchases;

(b) collection and management of the contributions upon sale and the fees prescribed in Article 42 (limited to those pertaining to special share purchase, purchase of shares from the issuing company, purchase of beneficial interests, and purchase of investment equities);

(c) operations incidental to those set forth in (a) and (b).

(2) Notwithstanding the provisions of the preceding paragraph, the BSPC is to settle the amount specified by Cabinet Office Order and Ministry of Finance Order as ordinary costs required for its operation in the account pertaining to the operations set forth in item (i) of the relevant paragraph (referred to as the "general account" in paragraph (2) of the following Article and Article 57).

(Abolition of Special Account)

Article 49 (1) From October 1, 2017, when the BSPC has disposed of all subject shares, etc. it purchased through special share purchase, purchase of shares from the issuing company, purchase of beneficial interests, and purchase of investment equities,, the BSPC is to abolish the account pertaining to the operations set forth in paragraph (1), item (ii) of the preceding Article (referred to as the "special account" in the following paragraph).

(2) When the BSPC has abolished the special account pursuant to the provisions of the preceding paragraph, assets and liabilities belonging to the special account are to be transferred to the general account.

(Borrowings and Banks' Shareholdings Purchase BSPC Bonds)

Article 50 (1) When the BSPC finds it necessary for conducting the operations set forth in the items of Article 34, paragraph (1), it may obtain the authorization of the Prime Minister and the Minister of Finance and conduct the borrowing of funds (including refinancing) from financial institutions specified by Cabinet Office Order and Ministry of Finance Order or issue

Banks' Shareholdings Purchase Corporation bonds (hereinafter referred to as the "BSPC bonds") (including the issuance for the refinancing of the BSPC bonds). In this case, the BSPC may issue certificates of the BSPC bonds.

- (2) Out of the total of the current amount of borrowings pursuant to the preceding paragraph and the current amount of debts pertaining to the principal of the BSPC bonds issued under the relevant paragraph, the amount pertaining to the operations set forth in Article 48, paragraph (1), item (ii) must not exceed the amount specified by Cabinet Order.
- (3) Holders of the BSPC bonds issued under paragraph (1) have the right to have their claims satisfied out of the assets of the BSPC in preference to other creditors.
- (4) The statutory lien set forth in the preceding paragraph is to be ranked next in priority to the general statutory lien under the provisions of the Civil Code (Act No. 89 of 1896).
- (5) The BSPC may entrust all or part of the affairs relating to the issuance of the BSPC bonds to a bank, etc. or a trust company, with the authorization of the Prime Minister and the Minister of Finance.
- (6) The provisions of Articles 705 and 709 of the Companies Act apply mutatis mutandis to the banks, etc. or the trust company entrusted with the affairs pursuant to the provisions of the preceding paragraph.
- (7) Beyond what is provided for in paragraph (1) and paragraph (3) to the preceding paragraph, necessary matters concerning the BSPC bonds are specified by Cabinet Order.

(Government Guarantee)

Article 51 The government may guarantee the debts pertaining to the BSPC's borrowings set forth in paragraph (1) of the preceding Article or the BSPC bonds set forth in that paragraph (limited to the debts pertaining to the operations set forth in Article 48, paragraph (1), item (ii)) within the amount approved by Diet resolution, notwithstanding the provisions of Article 3 of the Act on Restrictions on Financial Assistance by the Government to Corporations (Act No. 24 of 1946).

(Investment of Surplus Funds)

Article 52 Surplus funds occurring in the course of operations of the BSPC must be invested by the following methods:

- (i) holding of national government bonds or any other securities designated by the Prime Minister and the Minister of Finance;
- (ii) deposit in financial institutions designated by the Prime Minister and the Minister of Finance;
- (iii) any other method specified by Cabinet Office Order and Ministry of

Finance Order.

(Delegation to Cabinet Office Order and Ministry of Finance Order)

Article 53 Beyond what is provided for in Article 44 to the preceding Article, necessary matters concerning the finance and accounting of the BSPC are specified by Cabinet Office Order and Ministry of Finance Order.

## **Section 9 Supervision**

(Supervision)

Article 54 (1) The BSPC is to be supervised by the Prime Minister and the Minister of Finance.

(2) When the Prime Minister and the Minister of Finance find it necessary for the enforcement of the provisions of this Chapter, they may issue orders to the BSPC as required for supervising it.

(3) When any officer of the BSPC has committed any act in violation of the provisions of this Chapter, orders based on the provisions of this Chapter, or dispositions based on these, or in violation of the articles of incorporation or the operational rules, the Prime Minister and the Minister of Finance may order the BSPC to dismiss the officer. In this case, when the BSPC has dismissed that officer, following a resolution of the assembly, the dismissal takes effect as of the time when the resolution of the assembly is made, notwithstanding the provisions of Article 22, paragraph (2).

(Report and On-Site Inspections)

Article 55 (1) When the Prime Minister and the Minister of Finance find it necessary for the enforcement of the provisions of this Chapter, they may order the BSPC to submit a report or materials related to its operations or assets, or have their officials enter the BSPC's office and inspect its books and documents or any other objects.

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

(3) The authority to conduct on-site inspections under the provisions of paragraph (1) must not be construed to have been granted for the purpose of criminal investigations.

(Rescission of Authorization for Establishment)

Article 56 When the BSPC falls under any of the following items, the Prime Minister and the Minister of Finance may rescind the authorization for establishment set forth in Article 16, paragraph (2):

- (i) when the BSPC has violated the provisions of this Chapter, orders based on the provisions of this Chapter, or dispositions based on these, or has violated the articles of incorporation or the operational rules of the BSPC;
- (ii) when it is found that the continuation of the BSPC's operations would be difficult in light of the state of its operations or assets;
- (iii) when the BSPC has committed any act that harms the public interest.

### **Section 10 Dissolution**

(Dissolution)

Article 57 (1) The BSPC is to dissolve due to the following grounds:

- (i) the occurrence of any grounds for dissolution specified by the articles of incorporation;
  - (ii) a resolution of the general assembly;
  - (iii) rescission of the authorization for establishment set forth in Article 16, paragraph (2).
- (2) Dissolution due to the grounds set forth in item (ii) of the preceding paragraph does not become effective without the authorization of the Prime Minister and the Minister of Finance.
- (3) If the BSPC, upon dissolution, has residual assets after paying all its debts, it is to dispose of the residual assets (limited to those not exceeding the maximum distributable amount; hereinafter the same applies in this paragraph), pursuant to the following provisions:
- (i) if the amount of residual assets is not more than the amount equivalent to the total amount of the initial contributions (hereinafter referred to as the "amount equivalent to the initial contributions" in this paragraph), the amount of residual assets is to be distributed to the members of the BSPC (including the members that have withdrawn from the BSPC; hereinafter the same applies in this paragraph) according to the amount of the initial contributions they respectively paid;
  - (ii) if the amount of residual assets is more than the amount equivalent to the initial contributions and is not more than the amount equivalent to the sum of the total amount of the initial contributions and the total amount of the contributions upon sale (hereinafter referred to as the "amount equivalent to contributions" in this paragraph), the amount equivalent to initial contributions, which is part of the residual assets, is to be distributed pursuant to the provisions of the preceding item, and any amount of the residual assets that remains is to be distributed to the members of the BSPC that paid the contributions upon sale (hereinafter referred to as the "selling members" in this paragraph) according to the amount of the contributions upon sale they respectively paid;



- (iii) if the amount of the residual assets is more than the amount equivalent to contributions and is not more than the amount equivalent to the contributions plus the amount equivalent to the initial contributions (if any profit has arisen in the general account as a result of settlement of profits and losses, the amount equivalent to the initial contributions plus the amount equivalent to twice the amount of the profit; the same applies in the following item), the amount equivalent to the contributions, which is part of the residual assets, is to be distributed pursuant to the provisions of the preceding item, and any amount of the residual assets that remains is to be distributed to the members of the BSPC according to the amount of the initial contributions they respectively paid;
- (iv) if the amount of the residual assets is more than the amount equivalent to the contributions plus the amount equivalent to the initial contributions, the amount equivalent to the contributions plus the amount equivalent to the initial contributions, which is part of the residual assets, is to be distributed pursuant to the provisions of the preceding item, and any amount of the residual assets that remains is to be distributed to the selling members according to the amount of the contributions upon sale they respectively paid.
- (4) When the amount of the residual assets is more than the maximum distributable amount, the excess amount is to be paid to the national treasury.
- (5) The maximum distributable amount set forth in the preceding two paragraphs means the amount equivalent to twice the sum of the total amount of the initial contributions and the total amount of the contributions upon sale (when any profit has arisen in the general account as a result of settlement of profits and losses, the amount adding the amount of profit to that sum, and when any loss has arisen in the general account as a result of settlement of profits and losses, the amount deducting the amount of loss from that sum).
- (6) If the BSPC dissolves and is unable to pay its debts in full with its assets, the government may provide assistance to the BSPC in an amount equivalent to the whole or part of the cost required for paying those debts in full within the amount prescribed by the budget.
- (7) Beyond what is provided for in paragraphs (3) and (4) and the preceding paragraph, measures required for the dissolution of the BSPC may be specified by Cabinet Order within the scope that is determined to be reasonably necessary.

## **Section 11 Miscellaneous Provisions**

(Special Provisions on Taxation)

Article 58 (1) In the case where the BSPC is a juridical person that submits a blue return form (meaning the blue return form prescribed in Article 2, item

(xxxvii) of the Corporation Tax Act (Act No. 34 of 1965); the same applies in the following paragraph) as of the final date of each business year (meaning the business year prescribed in Articles 13 and 14 of the relevant Act; hereinafter the same applies in this Article), and when there is any amount of loss prescribed in Article 2, item (xix) of that Act (hereinafter referred to as the "amount of loss subject to special provisions" in this Article) for the relevant business year, with regard to the amount of loss subject to special provisions, the provisions of Article 57, paragraph (1) of that Act apply by replacing the term "starting within ten years" with "starting" and replacing the term "the amount equivalent to 50% of the income" with "the amount equivalent to the income" in the relevant paragraph.

- (2) The provisions of the preceding paragraph apply only in the case where the BSPC submitted a final return form (meaning the final return form prescribed in Article 2, item (xxxi) of the Corporation Tax Act; hereinafter the same applies in this paragraph), which is a blue return form, for the business year when the amount of loss subject to special provisions arose, while attaching a detailed statement concerning the calculation of the amount of loss subject to special provisions, and has continuously submitted final return forms thereafter.
- (3) With regard to the application of the provisions of Article 66-13, paragraph (1) of the Act on Special Measures Concerning Taxation (Act No. 26 of 1957) to the amount of loss subject to special provisions that arises in each business year of the BSPC, the term "the amount of loss" in that paragraph is deemed to be replaced by "the amount of loss and the amount of loss subject to special provisions prescribed in Article 58, paragraph (1) of the Act on Limitation on Shareholding by Banks and Other Financial Institutions (Act No. 131 of 2001)".
- (4) With regard to the application of the provisions of Article 53, paragraph (12) and Article 321-8, paragraph (12) of the Local Tax Act (Act No. 226 of 1950) to the BSPC, the term "a business year starting within nine years" in these provisions is deemed to be replaced by "a business year starting".
- (5) Beyond what is provided for in the preceding paragraphs, necessary matters concerning the application of the provisions of laws and regulations pertaining to corporation tax for the BSPC and its members, prefectural inhabitants tax for juridical persons, business tax for juridical persons, and municipal inhabitants tax for juridical persons are specified by Cabinet Order.

(Conditions for Authorization)

Article 59 (1) The Prime Minister and the Minister of Finance may attach conditions to any authorization or approval (referred to as "authorization, etc." in the following paragraph and the following Article) under the provisions of this Chapter and alter those conditions.

(2) The conditions set forth in the preceding paragraph must be those minimum necessary for ensuring the implementation of matters pertaining to the authorization, etc. or in light of the purpose of the authorization, etc.

(Delegation to Cabinet Office Order and Ministry of Finance Order)

Article 60 Beyond what is provided for in this Chapter, matters concerning the procedures for filing applications for authorization, etc., procedures for submitting documents, and other matters necessary for the implementation of the provisions of this Chapter are specified by Cabinet Office Order and Ministry of Finance Order.

#### **Chapter IV Miscellaneous Provisions**

(Delegation of Authority)

Article 61 The Prime Minister delegates the authority under this Act (excluding the authority specified by Cabinet Order) to the Commissioner of the Financial Services Agency.

(Transitional Measures)

Article 62 When any order is enacted, revised or abolished pursuant to the provisions of this Act, necessary transitional measures (including transitional measures concerning penal provisions) may be specified by that order, to the extent considered reasonably necessary for its enactment, revision or abolition.

#### **Chapter V Penal Provisions**

Article 63 Any person that has violated the provisions of Article 27 is to be punished by imprisonment for not more than one year or a fine of not more than 500,000 yen.

Article 64 When falling under either of the following items, the officer or employee of the BSPC that has committed the violation is to be punished by a fine of not more than 500,000 yen:

- (i) when the relevant person has failed to make a report or submit materials under Article 55, paragraph (1) or has made a false report or submitted false materials;
- (ii) when the relevant person has refused, hindered, or avoided inspections under Article 55, paragraph (1).

Article 65 When falling under either of the following items, the founder or officer of the BSPC is to be punished by a civil fine of not more than 1,000,000 yen:

- (i) when the relevant person has neglected to give public notice under Article 14, paragraph (1), or Article 47, paragraph (3), or has given false public notice;
- (ii) when the relevant person has made any misrepresentation to or has concealed any fact from the organizational meeting or the general assembly.

Article 66 Any officer of the BSPC that has violated an order under Article 36, paragraph (3), or Article 54, paragraph (2) or (3) is to be punished by a civil fine of not more than 500,000 yen.

Article 67 When falling under any of the following items, the officer of the BSPC is to be punished by a civil fine of not more than 200,000 yen:

- (i) when the authorization of the Prime Minister and the Minister of Finance needs to be obtained under the provisions of this Act but the relevant person has failed to obtain the authorization;
- (ii) when the relevant person has neglected to make a registration in violation of the Cabinet Order prescribed in Article 9, paragraph (1);
- (iii) when the relevant person has engaged in operations other than those prescribed in Article 34, paragraph (1);
- (iv) when the relevant person has failed to make a notification under Article 38, paragraph (2), Article 38-2, paragraph (2), Article 38-5, paragraph (2), or Article 38-6, paragraph (2), or has made a false notification;
- (v) when the relevant person has failed to make a report under Article 38, paragraph (4) (including the case as applied mutatis mutandis pursuant to Article 38-4, paragraph (4)), Article 38-2, paragraph (4) (including the case as applied mutatis mutandis pursuant to Article 38-3, paragraph (4)), Article 38-5, paragraph (4), Article 38-6, paragraph (4), or Article 39, or has made a false report;
- (vi) when the relevant person has failed to submit the documents under Article 45, or Article 47, paragraph (1) or (2), or has submitted false documents;
- (vii) when the relevant person has failed to keep documents or provide them for public inspection in violation of the provisions of Article 47, paragraph (3);
- (viii) when the relevant person has invested any surplus funds occurring in the course of operations in violation of the provisions of Article 52.

Article 68 Any person that has violated the provisions of Article 8, paragraph (2) is to be punished by a civil fine of not more than 200,000 yen.