

Order for Enforcement of the Act on Limitation on Shareholding by Banks and Other Financial Institutions

(Cabinet Order No. 426 of December 21, 2001)

Pursuant to the provisions of Article 3, paragraphs (2), (3) and (6), Article 9, paragraph (1), Article 38, paragraphs (2) and (3), Article 50, paragraphs (2) and (7), Article 58, paragraph (6), Article 61 of the Act on Limitation on Shareholding by Banks and Other Financial Institutions (Act No. 131 of 2001), and Article 2, paragraphs (1) and (2) of the Supplementary Provisions of the Act, the Cabinet hereby enacts this Cabinet Order.

(Grounds of Approval for Holding Shares at an Amount Exceeding the Maximum Limit of Shareholding)

Article 1 The unavoidable grounds to be specified by Cabinet Order as prescribed in Article 3, paragraph (2) of the Act on Limitation on Shareholding by Banks and Other Financial Institutions (hereinafter referred to as the "Act") are the grounds set forth as follows:

- (i) when a bank, etc. (meaning a bank, etc. as prescribed in Article 2 of the Act; the same applies hereinafter) or its subsidiaries, etc. (meaning a subsidiaries, etc. as prescribed in Article 3, paragraph (1) of the Act; hereinafter the same applies in this Article) are all or part of the parties to a merger;
- (ii) when a bank, etc. or its subsidiaries, etc. are parties to a company split;
- (iii) when a bank, etc. or its subsidiaries, etc. are parties to a transfer or acquisition of the whole or part of business activities;
- (iv) existence of the grounds specified by order of the competent ministry (meaning the order of the competent ministry prescribed in Article 3, paragraph (1) of the Act) as being equivalent to the grounds set forth in the preceding three items;
- (v) holding of shares, etc. by a bank, etc. and its subsidiaries, etc. at a total amount calculated as prescribed in Article 3, paragraph (1) of the Act, which exceeds the maximum limit of shareholding (meaning the maximum limit of shareholding prescribed in the relevant paragraph), due to the increase in market prices of shares or other unforeseeable grounds.

(Replacement of Terms Concerning Foreign Bank Branches)

Article 2 When applying the provisions of the Act to foreign bank branches (meaning the foreign bank branches prescribed in Article 3, paragraph (3) of the Act) under that paragraph, the technical replacement of terms is as set

forth in the following table.

Provisions of the Act whose terms and phrases are to be replaced	Original terms and phrases	Terms and phrases to replace the original ones
Article 3, paragraph (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)	Foreign bank branches
	shares (excluding those specified by order of the competent ministry) and others specified by order of the competent ministry as being equivalent thereto (hereinafter referred to as "shares, etc." in this paragraph and the following paragraph) at the amount that is totaled as specified by order of the competent ministry	shares (excluding those specified by order of the competent ministry) and others specified by order of the competent ministry as being equivalent thereto (hereinafter referred to as "shares, etc." in this paragraph and the following paragraph) at the specified amount
	of those Banks, etc. and their subsidiaries, etc.	of those foreign bank branches
Article 3, paragraph (2)	Banks, etc. and their subsidiaries, etc.	foreign bank branches

	(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	(meaning the Prime Minister
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(Replacement of Terms Concerning Bank Holding Companies and Long-Term Credit Bank Holding Companies)

Article 3 The technical replacement of terms with regard to mutatis mutandis application of the provisions of Article 3, paragraphs (1), (2), (4) and (5) of the Act under paragraph (6) of that Article is as set forth in the following table.

Provisions of the Act whose terms and phrases are to be replaced	Original terms and phrases	Terms and phrases to replace the original ones
Article 3, paragraph (1)	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	order of the competent ministry (meaning Cabinet Office Order
Article 3, paragraph (2)	(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	(meaning the Prime Minister

(Purchase of Shares Other than Special Share Purchase)

Article 4 The purchase of shares specified by Cabinet Order as prescribed in Article 38, paragraph (2) of the Act is the purchase satisfying both of the

following requirements:

- (i) the Banks' Shareholdings Purchase Corporation (hereinafter referred to as the "BSPC") solicits its members to apply for the sale of shares (meaning the shares prescribed in Article 19, paragraph (2), item (ii) of the Act; hereinafter the same applies in this Article and the following Article) in response to an application filed by a person (referred to as an "applicant for purchase of shares" in the following item and the following Article) that intends to purchase those shares from the BSPC;
- (ii) the BSPC is scheduled to immediately dispose to an applicant for purchase of shares of those shares which it purchases from its members that have applied for the sale of the shares in response to the solicitation set forth in the preceding item.

(Purchase of Shares Other than Purchase of Shares from the Issuing Company)

Article 4-2 The purchase of shares specified by Cabinet Order as prescribed in Article 38-2, paragraph (2) of the Act is the purchase satisfying both of the following requirements:

- (i) the BSPC solicits the issuing company (meaning the issuing company prescribed in Article 34, paragraph (1), item (iii) of the Act; the same applies in the following item) to apply for the sale of shares in response to an application filed by an applicant for purchase of shares;
- (ii) the BSPC is scheduled to immediately dispose to an applicant for purchase of shares of those shares which it purchases from an issuing company that has applied for the sale of the shares in response to the solicitation set forth in the preceding item.

(Over-the-Counter Traded Securities)

Article 5 The shares specified by Cabinet Order as prescribed in Article 38, paragraph (3), item (i) of the Act (including the cases as applied mutatis mutandis pursuant to Article 38-4, paragraph (4) of the Act) and in Article 38-2, paragraph (3), item (i) (including the cases as applied mutatis mutandis pursuant to Article 38-3, paragraph (4) of the Act) are the shares registered in the registry of over-the-counter traded securities prescribed in Article 67-11, paragraph (1) of the Financial Instruments and Exchange Act (Act No. 25 of 1948).

(Maximum Amount for Borrowings and Issuance of Banks' Shareholdings Purchase Corporation Bonds)

Article 6 The amount specified by Cabinet Order as prescribed in Article 50, paragraph (2) of the Act is to be 20 trillion yen.

(Certificates of Banks' Shareholdings Purchase Corporation Bonds)

Article 7 (1) When the BSPC issues Banks' Shareholdings Purchase Corporation bonds (hereinafter referred to as the "BSPC bonds") prescribed in Article 50, paragraph (1) of the Act, it must issue certificates of the BSPC Bonds except for the cases where the provisions of the Act on Book Entry of Corporate Bonds and Shares (Act No. 75 of 2001; referred to as the "Company Bonds, etc. Transfer Act" in Article 10, paragraph (1), item (vi) and paragraph (2), item (iii)) apply to the BSPC bonds.

(2) The certificates of the BSPC bonds set forth in the preceding paragraph are to be issued in bearer form and with coupons.

(Method of Issuing BSPC Bonds)

Article 8 The BSPC Bonds are issued by way of offering for subscription.

(Decision on the Matters Concerning Corporation Bonds for Subscription)

Article 9 When the BSPC intends to solicit persons for subscription of the BSPC bonds, it must decide, on each occasion, the following matters concerning the BSPC bonds for subscription (meaning BSPC bonds to be allotted to persons that apply for the subscription of the BSPC bonds in response to the offering; the same applies hereinafter):

- (i) the total value of the BSPC bonds for subscription;
- (ii) the value of each of the BSPC bonds for subscription;
- (iii) the interest rate of the BSPC bonds for subscription;
- (iv) the method and due date of redemption of the BSPC bonds for subscription;
- (v) the method and due date of payment of interest;
- (vi) when the BSPC issues certificates of the BSPC bonds, that fact;
- (vii) the amount to be paid in for each of the BSPC bonds for subscription (meaning the amount of money to be paid in exchange for each of the BSPC bonds for subscription; the same applies in Article 15, paragraph (2), item (iii));
- (viii) the due date for payment of money in exchange for the BSPC bonds for subscription;
- (ix) when it is determined that the BSPC bonds for subscription will not be issued in their entirety, that fact and its certain date;
- (x) beyond what is set forth in the preceding items, other matters specified by Cabinet Office Order and Ministry of Finance Order.

(Application for Corporation Bonds for Subscription)

Article 10 (1) The BSPC must notify persons that intend to apply for the subscription of the BSPC bonds for subscription in response to the offering set forth in the preceding Article, of the following matters:

- (i) the name of the BSPC bonds for subscription;
 - (ii) the matters pertaining to the offering set forth in the items of the preceding Article;
 - (iii) when the BSPC issues certificates of the BSPC bonds, the fact that the certificates are in bearer form;
 - (iv) measures to be taken if the value of applications for the subscription for the BSPC bonds for subscription exceeds the total value of the BSPC bonds for subscription;
 - (v) trade name or name of a person entrusted with offering or management, if any;
 - (vi) when the Company Bonds, etc. Transfer Act is applicable, that fact and the trade name of the book-entry institution (meaning the book-entry institution prescribed in Article 2, paragraph (2) of the Company Bonds, etc. Transfer Act);
 - (vii) other matters specified by Cabinet Office Order and Ministry of Finance Order.
- (2) A person that applies for the subscription of the BSPC bonds for subscription in response to the offering set forth in the preceding Article must deliver a document stating the following to the BSPC:
- (i) the name and address of the person filing the application;
 - (ii) the values of the BSPC bonds for subscription for which the person intends to subscribe and the number of bonds at each value;
 - (iii) for a person that intends to respond to an offering of BSPC bonds to which the provisions of the Company Bonds, etc. Transfer Act apply (referred to as the "book-entry BSPC bonds" in Article 12, paragraph (2)), the account for the book-entry transfer of the Corporation Bonds that has been opened for the person.
- (3) A person that files an application set forth in the preceding paragraph may, instead of delivering the document set forth in that paragraph, provide the BSPC with the matters to be stated in the document set forth in the relevant paragraph by electronic or magnetic means (meaning the means using an electronic data processing system or any other means using information and communications technology that are specified by Cabinet Office Order and Ministry of Finance Order) with the approval of the BSPC, pursuant to the provisions of Cabinet Office Order and Ministry of Finance Order. In this case, the person that files an application is deemed to have delivered the document set forth in the relevant paragraph.
- (4) When there is any change to the matters set forth in the items of paragraph (1), the BSPC must immediately notify a person that has filed an application set forth in paragraph (2) (hereinafter referred to as an "applicant") of that fact and the matters that have been changed.

- (5) It is sufficient for the BSPC to send a notice or demand letter to an applicant to the address set forth in paragraph (2), item (i) (or, if the applicant has notified the BSPC of a different place or contact address for the receipt of notices or demand letters, to that place or contact address).
- (6) The notice or demand letter set forth in the preceding paragraph is deemed to arrive at the time when the notice or demand letter would normally arrive.

(Allotment of BSPC Bonds for Subscription)

Article 11 (1) The BSPC must select from among the applicants the persons to which the BSPC bonds for subscription will be allotted and determine the values of the BSPC bonds for subscription to be allotted to those persons and the number of bonds allotted thereto at each value. In this case, the BSPC may reduce the number of the BSPC bonds for subscription to be allotted to these applicants at each value from the number prescribed in paragraph (2), item (ii) of the preceding Article.

- (2) The BSPC must notify an applicant, no later than the day immediately preceding the due date set forth in Article 9, item (viii), of the values of the BSPC bonds for subscription to be allotted to the applicant and the number of bonds allotted thereto at each value.

(Subscription for BSPC Bonds for Subscription)

Article 12 (1) When a local public entity subscribes for the BSPC bonds for subscription or a person entrusted with the offering for the BSPC bonds for subscription personally subscribes for the BSPC bonds for subscription, the provisions of the preceding two Articles do not apply to the portion of the bonds thus subscribed.

- (2) In the case referred to in the preceding paragraph, the local public entity that subscribes for the book-entry BSPC bonds or the person entrusted with offering for subscription for the book-entry BSPC bonds must indicate the matters set forth in Article 10, paragraph (2), item (iii) to the BSPC at the time of the subscription.

(Holder of Rights in BSPC Bonds for Subscription)

Article 13 The persons set forth in the following items are holders of rights in the BSPC bonds for subscription prescribed therein:

- (i) an applicant: the BSPC bonds for subscription allotted thereto by the BSPC;
- (ii) a local public entity that has subscribed for the BSPC bonds for subscription: the BSPC bonds for subscription for which the local public entity has subscribed;
- (iii) a person entrusted with the offering for subscription of the BSPC bonds for subscription that has personally subscribed for the BSPC bonds for

subscription: the BSPC bonds for subscription for which the person has subscribed.

(Issuance of Certificates of BSPC Bonds)

Article 14 (1) When having issued the BSPC bonds for which it is prescribed that certificates thereof are to be issued, the BSPC must issue certificates of those BSPC bonds without delay after the day of the issuance thereof.

(2) Each of the certificates of the BSPC bonds must contain the matters set forth in Article 9, items (ii) to (v), and Article 10, paragraph (1), items (i), (iii) and (v) and a serial number, and the name and seal of the president of the BSPC must be affixed thereto.

(Registry of Banks' Shareholdings Purchase Corporation Bonds)

Article 15 (1) The BSPC must keep a registry of the Banks' Shareholdings Purchase Corporation bonds at its principal office.

(2) The following information must be stated or recorded in the registry of the Banks' Shareholdings Purchase Corporation bonds:

- (i) the matters set forth in Article 9, items (iii) to (vi) and other matters specified by Cabinet Office Order and Ministry of Finance Order as the matters that specify the details of the BSPC bonds (referred to as the "type" in the following item);
- (ii) the total value of each type of the BSPC bonds and the value of each BSPC bond;
- (iii) the amount to be paid in for each BSPC bond and the date of payment;
- (iv) when the BSPC has issued certificates of the BSPC bonds, the serial numbers, dates of issuance, and the number of certificates of the BSPC bonds;
- (v) the matters set forth in Article 10, paragraph (1), items (i), (v) and (vi);
- (vi) the matters concerning the payment of the principal and interest;
- (vii) beyond what is set forth in the preceding items, other matters specified by Cabinet Office Order and Ministry of Finance Order.

(Transfer of BSPC Bonds When Certificates of the BSPC Bonds Are Issued)

Article 16 The transfer of a BSPC bond for which it is prescribed that a certificate thereof is to be issued does not become effective unless the certificate representing that BSPC bond is delivered.

(Presumption of Rights)

Article 17 (1) A person that has a certificate of a BSPC bond is presumed to be the lawful owner of the rights in the BSPC bond represented by the certificate.

(2) A person that has received the delivery of a certificate of a BSPC bond

acquires the rights in the BSPC bond represented by the certificate; provided, however, that this does not apply if the person has acted in bad faith or with gross negligence.

(Pledge of BSPC Bonds When Certificates of BSPC Bonds Are Issued)

Article 18 The pledge of a BSPC bond for which it is prescribed that a certificate thereof is to be issued does not become effective unless the certificate representing the BSPC bond is delivered.

(Requirement for the Pledge of BSPC Bonds to Duly Assert against Third Parties)

Article 19 The pledgee of a BSPC bond for which it is prescribed that a certificate thereof is to be issued may not assert that pledge against any third party unless the pledgee is in continuous possession of the certificate representing the BSPC bond.

(Loss of Certificates of BSPC Bonds)

Article 20 (1) Certificates of the BSPC bonds may be invalidated through the public notification proceedings prescribed in Article 100 of the Non-Contentious Case Procedures Act (Act No. 51 of 2011).

(2) A person that has lost a certificate of a BSPC bond may not request the reissuance thereof until after that person obtains the order of nullification of the right prescribed in Article 106, paragraph (1) of the Non-Contentious Case Procedures Act.

(Redemption of BSPC Bonds with Missing Coupons)

Article 21 (1) If the BSPC redeems a BSPC bond, for which it has issued the certificates, before the BSPC bond matures but the coupon attached thereto is missing, the BSPC must deduct the amount of the claim for interest on the BSPC bond that is indicated on the coupon from the redemption value; provided, however, that this does not apply if the claim has fallen due.

(2) The person in possession of the coupon set forth in the preceding paragraph may demand at any time that the BSPC pay the amount that is required to be deducted pursuant to the provisions of that paragraph in exchange for the coupon.

(Extinctive Prescription of Right to Claim Redemption of BSPC Bonds)

Article 22 (1) The right to claim redemption of a BSPC bond is extinguished by prescription if not exercised for ten years.

(2) The right to claim interest on a BSPC bond and the right to make a demand under the provisions of paragraph (2) of the preceding Article is extinguished

by prescription if not exercised for five years.

(Authorization to Issue BSPC Bonds)

Article 23 (1) When the BSPC intends to obtain authorization to issue BSPC bonds pursuant to the provisions of Article 50, paragraph (1) of the Act, the BSPC must submit a written application stating the following matters to the Commissioner of the Financial Services Agency and the Minister of Finance no later than twenty days prior to the day of soliciting subscription for the BSPC bonds:

- (i) the reasons necessitating the issuance of the BSPC bonds;
- (ii) the matters set forth in Article 9, items (i) to (v) and (vii) and Article 10, paragraph (1), items (i), (v), and (vi);
- (iii) the method of offering subscription for the BSPC bonds;
- (iv) the estimated amount of costs needed to issue the BSPC bonds;
- (v) beyond what is set forth in the preceding items, other matters that the BSPC intends to indicate on certificates of the BSPC bonds.

(2) The following documents must be attached to the written application set forth in the preceding paragraph:

- (i) a document stating the matters set forth in the items of Article 10, paragraph (1);
- (ii) a document stating the purpose of use of the funds raised through the issuance of the BSPC bonds;
- (iii) a document stating the prospects of subscription for the BSPC bonds.

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

Article 24 Beyond what is provided for in Article 7 to the preceding Article, other necessary matters concerning the BSPC bonds are specified by Cabinet Office Order and Ministry of Finance Order.

(Special Provisions on Taxation)

Article 25 (1) Regarding the initial contributions set forth in Article 41, paragraph (1) of the Act and the contributions upon sale set forth in paragraph (3) of the relevant Article that the members of the BSPC pay to the BSPC pursuant to the provisions of Article 41, paragraphs (1) and (3) of the Act, the provisions of laws and regulations pertaining to corporation tax, prefectural inhabitants tax for juridical persons, business tax for juridical persons, and municipal inhabitants tax for juridical persons are applied by considering those contributions as capital contributions paid in to the BSPC by its members.

(2) With regard to the application of the provisions of Article 21, paragraph (1) of the Order for Enforcement of the Local Tax Act (Cabinet Order No. 245 of

1950), the term "a business year starting within nine years" in that paragraph is deemed to be replaced by "a business year starting", and the term "the provisions of the main clause of Article 57, paragraph (1) of the relevant Act (" is deemed to be replaced with "the provisions of the main clause of Article 57, paragraph (1) of the Corporation Tax Act as applied following the deemed replacement of terms pursuant to the provisions of Article 58, paragraph (1) of the Act on Limitation on Shareholding by Banks and Other Financial Institutions (Act No. 131 of 2001) (".

(Authority Excluded from the Scope of Authority Delegated to the
Commissioner of Financial Services Agency)

Article 26 The authority specified by Cabinet Order as prescribed in Article 61 of the Act is the authority to grant authorization for establishment under Article 16, paragraph (2) of the Act and the authority to rescind the authorization for establishment set forth in Article 16, paragraph (2) of the Act under Article 56 of the Act.