

Foreign Exchange and Foreign Trade Act (Article 55-10 not yet in effect, etc.)

(Act No. 228 of December 1, 1949)

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Chapter I General Provisions

(Purpose)

Article 1 The purpose of this Act is to enable the proper development of foreign transactions and the maintenance of peace and security in Japan and in the international community by implementing the minimum necessary management and coordination for foreign transactions, and thereby to ensure equilibrium in the balance of international payments and maintain the stability of Japanese currency, as well as to contribute to the sound development of the Japanese economy, based on the freedom of foreign exchange, foreign trade, and other foreign transactions.

Article 2 Deleted

Article 3 Deleted

Article 4 Deleted

(Scope of Application)

Article 5 This Act also applies to actions in a foreign state that the representative, agent, employee, or other worker of a corporation with a principal office in Japan undertakes in connection with that corporation's assets or business. The same applies to actions in a foreign state that a person with a domicile in Japan, or the agent, employee, or other worker of that person undertakes in connection with that person's assets or business.

(Definitions)

Article 6 (1) In this Act and any Order based on this Act, the meaning of each term set forth in one of the following items is as prescribed in that item:

- (i) the term "Japan" means Honshu, Hokkaido, Shikoku, Kyushu, and other dependent islands thereof specified by Ministry of Finance Order and Order of the Ministry of Economy, Trade and Industry;
- (ii) the term "foreign state" means an area outside Japan;
- (iii) the term "Japanese currency" means the currency denominated in Japanese yen;
- (iv) the term "foreign currency" means any currency other than Japanese currency;
- (v) the term "resident" means a natural person with a domicile or residence in Japan or a corporation with a principal office in Japan. Regardless of whether the Japanese branch office, local office, or other office of a non-resident has the legal authority to represent that non-resident, the non-resident is deemed to be a resident even if its principal office is located in a foreign state;
- (vi) the term "non-resident" means a natural person or corporation other than a resident;
- (vii) the term "means of payment" means the following:
 - (a) banknotes, government money bills, small denomination bills, and coins;
 - (b) checks (including traveler's checks), bills of exchange, postal money orders, and letters of credit;
 - (c) the proprietary value entered in a voucher, electronic equipment device, or other object (referred to as a "voucher or other such object" in Article 19, paragraph (1)) using electronic or magnetic means (meaning electronic means, magnetic means, or any other means that cannot be perceived by the human senses), which non-exclusive groups of persons or large numbers of persons can use among themselves for payment (limited to a value with a status of use that Cabinet Order prescribes as approximate to that of a currency);

- (d) what Cabinet Order prescribes as equivalent to what is set forth in (a) or (b).
- (viii) the term "foreign means of payment" means a foreign currency or any other means of payment (other than Japanese currency) that is denominated in a foreign currency or that can be used for payment in a foreign state, irrespective of the unit of foreign currency or any other currency;
- (ix) deleted;
- (x) the term "precious metal" means gold bullion, gold alloy bullion, gold coinage not in circulation, or any other object principally made of gold;
- (xi) the term "security" means a public bond, corporate bond, share, equity in investment, certificate granting rights involving a public bond or share, a bond, treasury security, mortgage security, profit certificate, coupon, dividend certificate, renewal coupon, or other security or certificate that Cabinet Order prescribes as similar thereto, irrespective of whether it has been materialized;
- (xii) the term "foreign security" means a security for which a person can receive payment in a foreign state or a security denominated in a foreign currency;
- (xiii) the term "claim" means time deposit, current deposit, special current deposit, deposit at notice, insurance policy, or current account balance, or a monetary claim not set forth in any of the preceding items which arises from a loan, bid, or other source;
- (xiv) the term "futures contract on a financial indicator or similar metric" means a contract associated with on-market derivatives transactions as prescribed in Article 2, paragraph (21) of the Financial Instruments and Exchange Act (Act No. 25 of 1948) (excluding transactions that Cabinet Order prescribes; hereinafter the same applies in this item), over-the-counter derivatives transactions as prescribed in paragraph (22) of that Article (excluding transactions that Cabinet Order prescribes), transactions similar to on-market derivatives transactions as prescribed in paragraph (21) of that Article which are conducted on a foreign financial instruments market as prescribed in paragraph (8), item (iii) (b) of that Article, or any other transaction that Cabinet Order prescribes as being similar thereto;
- (xv) the term "goods" means movables other than precious metals, means of payment, or securities and other certificates embodying claims;
- (xvi) the term "asset" includes what is prescribed in items (vii), (x), (xi), (xiii), and (xv).
- (2) If it is not clear whether a person is a resident or a non-resident, the Minister of Finance decides this.

(Exchange Rates)

Article 7 (1) The Minister of Finance is to establish and issue public notice of the

basic exchange rates for Japanese currency and the arbitrated exchange rates of foreign currencies into Japanese currency.

- (2) Before setting a basic exchange rate for Japanese currency pursuant to the preceding paragraph, the Minister of Finance must obtain the approval of the Cabinet.
- (3) The Minister of Finance must endeavor to stabilize the exchange rates of Japanese currency by taking the necessary measures, such as buying and selling foreign means of payment.

(Designation of Currency)

Article 8 When currency is used to make or receive a payment in connection with a transaction or action governed by this Act, the payment must be made or received in a currency designated by the Minister of Finance.

(Suspension of Transactions and Other Actions in Case of Emergency)

Article 9 (1) If a drastic change has taken place in international economic conditions, on finding it to be urgently necessary, the competent minister, pursuant to Cabinet Order, may order the suspension of transactions, actions, or the making or receiving of payments governed by this Act within the period that Cabinet Order prescribes.

- (2) A suspension ordered pursuant to the preceding paragraph is not to make it impossible for a person to make a payment that this Act had authorized up until the suspension was ordered, and any delay in making a payment due to such a suspension is to be limited to the period that Cabinet Order prescribes.

Chapter II Measures to Maintain Peace and Security in Japan

Article 10 (1) If it is particularly necessary to do so in order to maintain peace and security in Japan, it may be decided, in a cabinet meeting, that responsive measures (meaning measures pursuant to Article 16, paragraph (1); Article 21, paragraph (1); Article 23, paragraph (4); Article 24, paragraph (1); Article 25, paragraph (6); Article 48, paragraph (3); and Article 52 which are taken by the competent minister based on a cabinet decision pursuant to this paragraph) will be taken.

- (2) If the government has taken the responsive measures referred to in the preceding paragraph based on a cabinet decision as referred to in that paragraph, it must put these measures on the agenda for discussion in the Diet within 20 days from the day it took them and seek the Diet's approval for having taken them; provided, however, that if the Diet has been adjourned or the House of Representatives has been dissolved, the government must promptly seek that approval in the first session of the Diet convened thereafter.

(3) If a resolution of disapproval is reached in a case as referred to in the preceding paragraph, the government must promptly terminate the responsive measures.

Article 11 Deleted

Article 12 Deleted

Article 13 Deleted

Article 14 Deleted

Article 15 Deleted

Chapter III Making and Receiving Payments

(Making and Receiving Payment)

Article 16 (1) On finding that it is necessary to do so in order for Japan to faithfully perform its obligations under a treaty or other international agreement it has signed, on finding that it is particularly necessary to do so in order for Japan to contribute to international efforts towards world peace, or if a cabinet decision as referred to in Article 10, paragraph (1) has been reached, the competent minister, pursuant to Cabinet Order, may make it obligatory for residents or non-residents seeking to make a payment from Japan to a foreign state to get permission to make that payment, and may make it obligatory for residents seeking to make or receive a payment to or from non-residents to get permission to make or receive that payment, unless the payment in question is made or received as part of a transaction or action for which it has been made obligatory for persons to get permission or approval from the same perspective as stated above.

(2) Beyond as prescribed in the preceding paragraph, on finding it to be particularly necessary to do so in order to maintain equilibrium in Japan's balance of international payments, the competent minister, pursuant to Cabinet Order, may make it obligatory for residents or non-residents seeking to make a payment from Japan to a foreign state or residents seeking to make a payment to non-residents to get permission to make that payment, unless the payment in question is made as a part of a transaction or action for which, pursuant to the following Chapter through Chapter 6, the relevant authority has made it obligatory for persons to get permission or file a notification, or as a part of a transaction or action for which, pursuant to those Chapters, the relevant authority is permitted to make it obligatory for persons to get

permission or approval.

- (3) Beyond as prescribed in the preceding two paragraphs, on finding it to be necessary to do so in order to ensure the reliable implementation of this Act or an Order based on this Act, the competent minister, pursuant to Cabinet Order, may make it obligatory for residents or non-residents seeking to make a payment from Japan to a foreign state to get permission to make that payment, and may make it obligatory for residents seeking to make or receive a payment to or from non-residents to get permission to make or receive that payment, unless the payment in question is made as a part of a transaction or action for which, pursuant to the following Chapter through Chapter 6, the competent minister has made it obligatory for persons to get permission or file a notification, or as a part of a transaction or action for which, pursuant to those Chapters, the competent minister is permitted to make it obligatory for persons to get permission or approval.
- (4) If, pursuant to two or more of the preceding three paragraphs, it has been made obligatory for persons to get permission to make or receive a payment that, pursuant to those paragraphs, the competent minister is permitted to make it obligatory for persons to get permission for, a person seeking to make or receive such a payment may file a combined application for the permissions under those paragraphs, pursuant to Cabinet Order. In such a case, the competent minister must decide whether to give permission by taking into consideration the circumstances that have led the minister to make it obligatory for persons to get permission to make or receive the payment under the application.
- (5) Except as Cabinet Order prescribes, if it has been made obligatory for persons to get permission or approval for a transaction or action or to file notification of a transaction or action pursuant to this Act or an Order based on this Act, a person must not make or receive a payment as a part of that transaction or action without getting the permission or approval or without filing the notification.

(Restrictions on Making and Receiving Payments)

Article 16-2 If the competent minister has made it obligatory to get permission pursuant to paragraph (1) of the preceding Article, but a person has made or received a payment for which permission has been made obligatory without getting that permission, and the minister finds that the person is likely to once again make or receive a payment for which permission has been made obligatory pursuant to that paragraph without getting that permission, the minister may fully or partially prohibit the person from making payments from Japan to a foreign state (other than any such payment made through an exchange transaction that is conducted by a bank (meaning a bank as

prescribed in Article 2, paragraph (1) of the Banking Act (Act No. 59 of 1981); the same applies hereinafter) or by any other financial institution that Cabinet Order prescribes (hereinafter referred to as a "bank or other financial institution")), or by a funds transfer service provider (meaning a funds transfer service provider as prescribed in Article 2, paragraph (3) of the Payment Services Act (Act No. 59 of 2009); the same applies hereinafter)), or making or receiving any payment between a resident and a non-resident (other than any such payment made or received through an exchange transaction that is conducted by a bank or other financial institution or by a funds transfer service provider, and other than the making or receipt of any other payment that Cabinet Order prescribes) ,but only during a period of up to one year, or, pursuant to Cabinet Order, may make it obligatory for that person to get permission to make payments from Japan to a foreign state or to make or receive any payment between a resident and a non-resident, but only during a period of up to one year.

(Obligation of Banks and Other Financial Institutions to Confirm Legality of Transactions)

Article 17 It is prohibited for a bank or other financial institution to conduct an exchange transaction involving a payment being made or received by a customer until after it has confirmed that this does not constitute the making or receipt of a payment as set forth in one of the following items, or, in the event that it does constitute the making or receipt of a payment as set forth in one of the following items, until after it has confirmed that the requirement prescribed in the relevant item has been met:

- (i) the making or receipt of a payment that persons are obliged to get permission for pursuant to paragraphs (1) through (3) of Article 16: the person has gotten that permission;
- (ii) the making or receipt of a payment in connection with a capital transaction as prescribed in Article 20, that persons are obliged to get permission for pursuant to paragraph (1) or (2) of Article 21: the person has gotten that permission;
- (iii) the making or receipt of a payment in connection with a transaction or action that Cabinet Order prescribes, which persons are otherwise obliged to get permission or approval for or to file a notification for pursuant to this Act or an Order based on this Act: the person has gotten that permission or approval, or has completed the necessary procedures after filing the notification.

(Measures to Rectify Confirmation)

Article 17-2 (1) On finding that a bank or other financial institution has or is

likely to conduct an exchange transaction involving a payment made or received by its customer in violation of the preceding Article, the Minister of Finance may order it to take measures to ensure that it is properly carrying out the confirmations referred to in that paragraph.

(2) On finding it to be necessary to do so when issuing an order to a bank or other financial institution pursuant to the preceding paragraph, the Minister of Finance may order that bank or other financial institution to fully or partially suspend its business involving foreign exchange transactions or restrict the content of its business, until the measures referred to in that paragraph have been taken.

(Mutatis Mutandis Application of Provisions to Funds Transfer Service Providers)

Article 17-3 The provisions of the preceding two Articles apply mutatis mutandis when a funds transfer service provider carries out an exchange transaction involving a payment made or received by its customers.

(Banks' and Other Financial Institutions' Obligation to Confirm the Identities of Their Customers)

Article 18 (1) When carrying out an exchange transaction involving a payment that a customer as set forth in one of the following items makes from Japan to a foreign state or an exchange transaction involving such a customer making or receiving a payment to or from a non-resident (unless that customer is a non-resident) (other than an exchange transaction that involves the person in question making a small payment or making or receiving a payment that Cabinet Order prescribes; hereinafter referred to as a "specified exchange transaction"), a bank or other financial institution must confirm the information set forth in that item (hereinafter referred to as "identifying information") for that customer by means of receiving presentation having the customer present of their a driver's licenses or by any other means that Ministry of Finance Order prescribes (hereinafter referred to as "confirming a person's identity"):

- (i) a natural person: the person's name, domicile or residence (or the information that Ministry of Finance Order specifies, if the person is a foreign national with neither a domicile nor residence in Japan and is as Cabinet Order prescribes), and date of birth;
- (ii) a corporation: the name and location of its principal office.

(2) In a case where a company's representative carries out a specified exchange transaction on behalf of the company or in ohter cases the natural person actually responsible for a specified exchange transaction with the bank or other financial institution is otherwise not the customer itself (other than in a

case as prescribed in the following paragraph), in addition to confirming the customers' identity, the bank or other financial institution must also confirm the identity of the natural person responsible for the specified exchange transaction (hereinafter referred to as the "representative or other responsible party" in this and the following Articles).

- (3) If the customer is the national government, a local government, an association or foundation without legal personality, or any other person that Cabinet Order prescribes, the natural person actually responsible for a specified exchange transaction with the bank or other financial institution on its behalf is deemed to be the customer and paragraph (1) applies.
- (4) It is prohibited for a customer (including a natural person deemed to be a customer pursuant to the preceding paragraph; the same applies hereinafter) or a representative or other responsible party to disguise their identifying information to the bank or other financial institute when that bank or other financial institution is confirming their identity.

(Exemption of a Bank or Other Financial Institution)

Article 18-2 If a customer or a representative or other responsible party fails to comply with an identity confirmation when carrying out a specified exchange transaction, the bank or other financial institution may refuse to perform the obligation associated with the specified exchange transaction until the customer or the representative or other responsible party complies with this.

(Obligation to Prepare an Identity Confirmation Record)

Article 18-3 (1) Having confirmed a person's identity, a bank or other financial institution must immediately create a record of the identifying information and other information that Ministry of Finance Order prescribes as information related to the confirmation of a person's identity (hereinafter referred to as an "identity confirmation record") by the means that Ministry of Finance Order prescribes.

- (2) A bank or other financial institution must keep an identity confirmation record for seven years after the day on which the specified exchange transaction is completed or after the any other date that Ministry of Finance Order prescribes.

(Measures to Rectify Identity Confirmations and Preparation of Identity Confirmation Records)

Article 18-4 On finding a bank or other financial institution to have violated one of paragraphs (1) through (3) of Article 18 or paragraph (1) or (2) of the preceding Article with regard to a specified exchange transaction, the Minister of Finance may order it to take the necessary measures to rectify the violation.

(Mutatis Mutandis Application of Provisions to Fund Transfer Service Providers)

Article 18-5 Article 18 through the preceding Article apply mutatis mutandis if a funds transfer service provider carries out a specified exchange transaction.

(Import and Export of Means of Payment)

Article 19 (1) On finding it to be necessary to do so in order to ensure the reliable implementation of this Act or an Order based on this Act, the Minister of Finance may make it obligatory for residents or non-residents seeking to import or export a means of payment (including a voucher or other such object into which a means of payment as set forth in Article 6, paragraph (1), item (vii) (c) has been entered) or a security, to get permission to do so.

(2) On finding it to be necessary to do so in order to ensure the reliable implementation of this Act or an Order based on this Act or on finding it to be particularly necessary to do so in order to maintain equilibrium in the balance of international payments and the stability of the currency, the Minister of Finance, pursuant to Cabinet Order, may make it obligatory for residents or non-residents seeking to import or export precious metals to get permission to do so.

(3) Before seeking to import or export a means of payment prescribed in paragraph (1) or a security or precious metal, a resident or a non-resident, pursuant to Cabinet Order, must first file a notification of the substance of the import or export, its timing, and other information that Cabinet Order prescribes with the Minister of Finance, unless that resident or non-resident has gotten the permission of the Minister of Finance to import or export that means of payment, security, or precious metal, pursuant to an Order based on one of the preceding two paragraphs or in any other case that Cabinet Order prescribes.

Chapter IV Capital Transactions; Other Matters

(Definition of Capital Transactions)

Article 20 The term "capital transaction" means one of the following transactions or actions (other than one falling under the category of inward direct investment or an equivalent action as prescribed in Article 26, paragraph (2), which is undertaken by a person as set forth in the items of paragraph (1) of that Article):

(i) a transaction that gives rise to, alters, or extinguishes a claim under a deposit contract (including an installment savings contract, installment deposit contract, deposit contract, or any other contract that Cabinet Order

- prescribes as similar thereto; the same applies in item (iv) of this Article, paragraph (3) of the following Article, and Article 55-3, paragraph (1)) or a trust contract between a resident and a non-resident (hereinafter referred to as a "transaction giving rise to, altering, or extinguishing a claim" in this Article, paragraph (3) of the following Article, and Article 55-3, paragraph (1));
- (ii) a transaction giving rise to, altering, or extinguishing a claim based on a money loan agreement or an obligation guarantee contract between a resident and a non-resident;
 - (iii) a transaction giving rise to, altering, or extinguishing a claim based on a sales contract involving a foreign means of payment or claim between a resident and a non-resident ;
 - (iv) a transaction giving rise to, altering, or extinguishing a claim in connection with which payment can be received in foreign currency under a deposit contract, trust contract, money loan agreement, obligation guarantee contract, sales contract for a foreign means of payment or claim, or any other sales contract, between a resident and another resident;
 - (v) a resident's acquisition of securities from a non-resident (including a resident's or a non-resident's acquisition of a right based on which the resident will acquire securities from the non-resident upon that party's unilateral manifestation of the intention for this to occur), or a resident's transfer of securities to a non-resident (including a resident's or a non-resident's acquisition of a right based on which the resident will transfer securities to the non-resident upon that party's unilateral manifestation of the intention for this to occur);
 - (vi) a resident's issuance or offering for subscription of securities in a foreign state, a resident's issuance or offering for subscription of foreign securities in Japan, or a non-resident's issuance or offering for subscription of securities in Japan;
 - (vii) a non-resident's issuance or offering for subscription of securities denominated or payable in Japanese currency in a foreign state;
 - (viii) a transaction giving rise to, altering, or extinguishing a claim based on a futures contract on a financial indicator or similar metric between a resident and a non-resident;
 - (ix) a transaction giving rise to, altering, or extinguishing a claim in connection with which payment can be received in a foreign currency based on a futures contract on a financial indicator or similar metric between a resident and another resident, or a transaction giving rise to, altering, or extinguishing a claim in connection with which payment can be received in Japanese currency based on a futures contract on a financial indicator or similar metric (but only a contract on a financial indicator for a foreign currency

- (meaning a financial indicator as prescribed in Article 2, paragraph (25) of the Financial Instruments and Exchange Act));
- (x) a resident's acquisition of real estate or rights to real estate that is located in a foreign state, or a non-resident's acquisition of real estate or rights to real estate that is located in Japan;
 - (xi) beyond as set forth in items (i) and (ii), a transfer of funds between a corporation's office in Japan and its office in a foreign state (other than a transfer of funds that Cabinet Order prescribes as a transfer of the ordinary expenses necessary for the operation of the office and the funds involved in an ordinary transaction);
 - (xii) anything that Cabinet Order prescribes as a transaction or action equivalent to what is referred to in the preceding items.

(Capital Transactions for Which a Person Is Obligated to Get Permission from the Minister of Finance)

- Article 21 (1) On finding that, if residents or non-residents were to unrestrictedly conduct capital transactions (other than those falling under the category of specified capital transactions as prescribed in Article 24, paragraph (1)), it would prevent Japan from faithfully performing its obligations under a treaty or other international agreement it has signed or would cause a situation that would prevent Japan from contributing to international efforts towards world peace, thereby making it difficult to achieve the purpose of this Act, or if a cabinet decision as referred to in Article 10, paragraph (1) has been reached, the Minister of Finance, pursuant to Cabinet Order, may make it obligatory for residents or non-residents seeking to conduct such a capital transaction to get permission to conduct it.
- (2) Beyond as prescribed in the preceding paragraph, on finding that, if residents or non-residents were to unrestrictedly conduct capital transactions as prescribed in that paragraph (other than those for which accounting is handled in the special international financial transactions account), it would cause one of the following situations to arise, thereby making it difficult to achieve the purpose of this Act, the Minister of Finance, pursuant to Cabinet Order, may make it obligatory for residents or non-residents seeking to conduct such a capital transaction, to get permission to conduct it:
- (i) it would become difficult to maintain Japan's balance of international payments;
 - (ii) it would bring about a drastic fluctuation in Japanese currency exchange rates;
 - (iii) the Japanese financial market or capital market would be adversely affected by a massive transfer of funds between Japan and a foreign state.
- (3) The term "special international financial transactions account" referred to in

the preceding paragraph means an account that a bank or other financial institution that Cabinet Order prescribes establishes with the approval of the Minister of Finance in order to manage its accounting for its investment or procurement of funds in connection with the following transactions and actions it undertakes in order to allocate deposits that it receives from non-residents (but only corporations established pursuant to foreign laws and regulations and any other persons that Cabinet Order prescribes; hereinafter the same applies in this and the following paragraph) and other funds that it procures from non-residents, for use in lending money to non-residents, for use in acquiring securities from non-residents, and for use in other investment in non-residents, separately from its accounting for its investment and procurement of funds in connection with other transactions and actions:

- (i) capital transactions as set forth in item (i) of the preceding Article that constitute transactions giving rise to, altering, or extinguishing a claim based on a deposit contract with a non-resident that Cabinet Order prescribes;
- (ii) capital transactions as set forth in item (ii) of the preceding Article that constitute transactions giving rise to, altering, or extinguishing a claim based on a money loan agreement with a non-resident;
- (iii) capital transactions as set forth in item (v) of the preceding Article that constitute the acquisition from a non-resident or transfer to a non-resident of securities (limited to those that Cabinet Order prescribes) issued by a non-resident;
- (iv) other transactions and actions that Cabinet Order prescribes.

(4) Cabinet Order provides for transfers of funds between a special international financial transactions account as prescribed in the preceding paragraph (hereinafter referred to as a "special international financial transactions account" in this paragraph and paragraph (2) of the next Article) and other accounts and for other particulars of the accounting in a special international financial transactions account, and also provides for confirmation that the other party to a transaction or action for which the accounting is conducted in a special international financial transactions account is a non-resident and for any other necessary particulars.

(5) If persons have been placed under the obligation to get permission for a capital transaction as prescribed in paragraph (2) pursuant to both paragraphs (1) and (2), a person seeking to conduct such a transaction may file a combined application for the permissions under those paragraphs, pursuant to Cabinet Order. In such a case, the Minister of Finance is to decide whether to give permission while also taking into consideration whether the capital transaction under the application would actually cause one of the situations that forms the basis for obliging persons to get permission for that transaction.

(6) If the Minister of Finance, pursuant to paragraph (1) or (2), has made it obligatory to get permission for outward direct investment as prescribed in Article 23, paragraph (1) in connection with which that paragraph requires a notification to be filed, the minister is to decide whether to give that permission while also taking into consideration whether the outward direct investment under the application for permission would actually give rise to one of the situations set forth in the items of paragraph (4) of that Article, in addition to whether it would actually give rise to one of the situations prescribed in paragraph (1) or in one of the items of paragraph (2) that forms the basis for obliging persons to get permission.

(Restrictions on Capital Transactions)

Article 22 (1) If the Minister of Finance has made it obligatory to get permission pursuant to paragraph (1) of the preceding Article, but a person has conducted a capital transaction as prescribed in that paragraph for which permission has been made obligatory without getting that permission, and the minister finds that the person is likely to once again conduct a capital transaction as prescribed in that paragraph for which permission has been made obligatory pursuant to that paragraph without getting that permission, the minister may fully or partially prohibit the person from conducting capital transactions as prescribed in that paragraph, but only during a period of up to one year, or, pursuant to Cabinet Order, may make it obligatory for the person to get permission to do so, but only during a period of up to one year.

(2) If a person has accounted for a transaction or action other than as set forth in one of the items of paragraph (3) of the preceding Article (hereinafter referred to as a "non-subject transaction or action" in this paragraph) by placing it in the special international financial transactions account or has violated an order under paragraph (4) of that Article, and the Minister of Finance finds that the person is likely to once again account for a non-subject transaction or action by placing it in the special international financial transactions account or to once again violate that order, the minister may prohibit the person from fully or partially accounting for transactions or actions as set forth in the items of paragraph (3) of that Article by placing them in the special international financial transactions account, but only during a period of up to one year.

(Financial Institutions' and Similar Entities' Obligation to Confirm the Identities of Their Customers)

Article 22-2 (1) A bank or other financial institution, a trust company (meaning a trust company as prescribed in Article 2, paragraph (2) of the Trust Business Act (Act No. 154 of 2004) or a foreign trust company as prescribed in paragraph (6) of that Article; the same applies hereinafter), or a financial instruments

business operator (meaning a financial instruments business operator as prescribed in Article 2, paragraph (9) of the Financial Instruments and Exchange Act which is engaged in the type I financial instruments business prescribed in Article 28, paragraph (1) of that Act or the type II financial instruments business prescribed in paragraph (2) of that Article; the same applies hereinafter) (hereinafter referred to as a "financial institution or similar entity") must confirm the identity of its customer or of a person that Cabinet Order prescribes as being equivalent thereto (hereinafter referred to as a "customer or equivalent person" in this paragraph) when it enters into a contract that involves a capital transaction with a customer or equivalent person, or when it takes any other action that Cabinet Order prescribes (hereinafter referred to as "entering into a capital transaction contract or taking any other prescribed action" in this Article).

- (2) The provisions of Article 18, paragraphs (2) through (4) and Articles 18-2 through 18-4 apply mutatis mutandis when a financial institution or similar entity enters into a capital transaction contract or takes any other prescribed action. In such a case, the term "specified exchange transaction" in Article 18-3, paragraph (2) is deemed to be replaced with "contract involving a capital transaction as prescribed in Article 22-2, paragraph (1)".

(Mutatis Mutandis Application of Provisions to Providers of Currency Exchange Services)

Article 22-3 Article 18, paragraphs (2) through (4); Articles 18-2 through 18-4; and paragraph (1) of the preceding Article apply mutatis mutandis when a provider of currency exchange services (meaning the buying and selling of foreign currencies or traveler's checks in the course of trade) in Japan changes currency (excluding currency exchange on a small scale that Cabinet Order prescribes) for a customer.

(Outward Direct Investment)

Article 23 (1) Before making an outward direct investment that Cabinet Order prescribes as being likely to cause one of the situations set forth in the items of paragraph (4), a resident, pursuant to Cabinet Order, must first file a notification of the substance of the outward direct investment, its timing, and other information that Cabinet Order prescribes with the Minister of Finance.

- (2) The term "outward direct investment" as referred to in the preceding paragraph means a resident's acquisition of securities issued by a corporation that has been incorporated under foreign laws and regulations or lending of money to such a corporation in a way that Cabinet Order prescribes as having the objective of establishing a permanent economic relationship with it, or a resident's payment of funds for the establishment or expansion of a branch

office, factory, or other office (hereinafter referred to as a "branch office or other such place of business") in a foreign state.

- (3) A resident that has filed a notification under paragraph (1) must not undertake the outward direct investment that is the subject of that notification until the final day in the 20-day period that begins on the date that the Minister of Finance accepts the notification; provided, however, that on finding no special problems in consideration of the substance of the outward direct investment that is the subject of that notification or anything else, the Minister of Finance may shorten this period.
- (4) Once the outward direct investment under a notification referred to in the preceding paragraph is undertaken, the Minister of Finance, pursuant to Cabinet Order, may issue a recommendation to the person filing the notification of the outward direct investment to modify the substance of the investment or discontinue it, but only if the minister finds that the outward direct investment would cause one of the following situations and make it difficult to achieve the purpose of this Act or if a cabinet decision referred to in Article 10, paragraph (1) has been issued; provided, however, that the period during which the minister may issue a recommendation to modify or discontinue this is within 20 days from the day on which the minister accepts the notification:
 - (i) it would have a significantly adverse impact on the smooth operation of the Japanese economy;
 - (ii) it would compromise world peace and international security or would create a barrier to the maintenance of public order.
- (5) Notwithstanding paragraph (3), a person that is issued a recommendation under the preceding paragraph must not undertake the outward direct investment under the notification referred to in paragraph (3) until the final day in the 20-day period that begins on the date on which the person is issued that recommendation.
- (6) A person that is issued a recommendation under paragraph (4) must notify the Minister of Finance of whether or not the person will comply with the recommendation within 10 days of having been issued it.
- (7) Having notified the Minister of Finance, pursuant to the preceding paragraph, of compliance with a recommendation, a person must undertake the outward direct investment that is subject to that recommendation in conformity with that recommendation.
- (8) Notwithstanding paragraph (3) or (5), once a person notifies the Minister of Finance, pursuant to paragraph (6), of compliance with a recommendation, the person may undertake the outward direct investment subject to the recommendation even if 20 days have not yet passed since the person was issued the recommendation.

- (9) If a person that has been issued a recommendation under paragraph (4) fails to notify the minister as under paragraph (6) or notifies the minister of non-compliance with the recommendation, the Minister of Finance may order the person issued the recommendation to modify the substance of the outward direct investment or discontinue it; provided, however, that the period during which the minister may issue an order to modify or discontinue this is within 20 days, starting from the day on which the minister issues the recommendation under paragraph (4).
- (10) Beyond as prescribed in each of the preceding paragraphs, Cabinet Order prescribes the procedures for recommending modifications to the substance of outward direct investment (meaning outward direct investment as prescribed in paragraph (2); the same applies hereinafter) and for recommending the discontinuance of outward direct investment, and also provides for other necessary particulars of these recommendations.
- (11) Notwithstanding paragraph (1), if, pursuant to Article 21, paragraph (1) or (2), persons have been placed under the obligation to get the permission of the Minister of Finance for outward direct investment for which a notification must be filed pursuant to paragraph (1), a resident undertaking such an investment is not required to file such a notification. In such a case, if a resident has already filed a notification under that paragraph for that outward direct investment, the notification (but only a notification about outward direct investment (other than investment in connection with which the person has notified the minister of compliance with a recommendation to discontinue investment which the person has been issued pursuant to paragraph (6) or investment that the person has been ordered to discontinue pursuant to paragraph (9)) that has not yet actually been undertaken at the time the person is placed under the obligation to get permission pursuant to paragraph (1) or (2) of that Article) is deemed to be an application for permission that the resident has been placed under the obligation to get pursuant to paragraph (1) or (2) of that Article, which was filed on the day of the notification; and if a recommendation under paragraph (4), notice under paragraph (6) (but only notice through which the person indicates compliance in modifying the substance of an investment), or an order under paragraph (9) (but only an order for the person to modify the substance of the investment) has been issued with regard to the outward direct investment that is the subject of that notification, the recommendation, notice, or order is deemed not to have been issued.

(Specified Capital Transactions for Which Persons Are Obligated to Get
Permission from the Minister of Economy, Trade and Industry)

Article 24 (1) On finding that, if residents were to unrestrictedly conduct

specified capital transactions (meaning any capital transaction as set forth in Article 20, item (ii) (including anything that, pursuant to item (xii) of that Article, Cabinet Order prescribes as a transaction equivalent to what is referred to in item (ii) of that Article) which Cabinet Order prescribes as a transaction or action that a person that imports or exports goods conducts in direct association with the importing or exporting of goods, or which Cabinet Order prescribes as a transaction or action associated with the transfer of a mining right, industrial property right, or other right equivalent thereto, or associated with the establishment of the right to use these rights (excluding anything that Cabinet Order prescribes as a capital transaction whose purpose is the settlement of a short-term international commercial transaction)), it would prevent Japan from faithfully performing its obligations under a treaty or other international agreement it has signed or would cause a situation that would prevent Japan from contributing to international efforts towards world peace, thereby making it difficult to achieve the purpose of this Act, or if a cabinet decision as referred to in Article 10, paragraph (1) has been reached, the Minister of Economy, Trade and Industry, pursuant to Cabinet Order, may make it obligatory for residents seeking to conduct such a specified capital transaction to get permission to conduct it.

(2) Beyond as prescribed in the preceding paragraph, on finding that, if residents were to unrestrictedly conduct specified capital transactions, it would cause one of the situations set forth in the items of Article 21, paragraph (2) to arise, thereby making it difficult to achieve the purpose of this Act, the Minister of Economy, Trade and Industry, pursuant to Cabinet Order, may make it obligatory for residents seeking to conduct such a specified capital transaction to get permission to conduct it.

(3) If it has been made obligatory for persons to get permission for a specified capital transaction pursuant to both paragraph (1) and the preceding paragraph, a person seeking to conduct such a transaction may file a combined application for the permissions under those paragraphs, pursuant to Cabinet Order. In such a case, the Minister of Economy, Trade and Industry is to decide whether to give permission while also taking into consideration whether the specified capital transaction under the application would actually cause one of the situations that forms the basis for the minister's having made it obligatory for persons to get permission for such a transaction.

(Restrictions on Specified Capital Transactions)

Article 24-2 If the Minister of Economy, Trade and Industry has made it obligatory to get permission pursuant to paragraph (1) of the preceding Article, but a person has conducted a specified capital transaction for which permission has been made obligatory without getting that permission and the minister

finds that the person is likely to once again conduct a specified capital transaction for which permission has been made obligatory pursuant to that paragraph without getting that permission, the minister may fully or partially prohibit the person from carrying out specified capital transactions, but only during a period of up to one year, or, pursuant to Cabinet Order, may make it obligatory for the person to get permission to do so, but only during a period of up to one year.

(Service Transactions and Transactions Involving the Transfer of Goods between Foreign States)

Article 25 (1) Before a resident or a non-resident conducts a transaction with the objective of providing technology that is associated with the design, manufacture or use of a specific kind of good and which Cabinet Order prescribes as being found to compromise world peace and international security (hereinafter referred to as "specified technology") in a specified foreign state (hereinafter referred to as a "specified state"), or before a resident conducts a transaction with the objective of providing a non-resident from a specified state with specified technology, the resident or non-resident, in the first case, or the resident, in the second case, must get the permission of the Minister of Economy, Trade and Industry for that transaction, pursuant to Cabinet Order.

(2) On finding it to be necessary to do so in order to ensure the reliable implementation of the preceding paragraph, the Minister of Economy, Trade and Industry, pursuant to Cabinet Order, may make it obligatory for residents or non-residents seeking to conduct a transaction with the objective of providing specified technology in a foreign state other than a specified state, or residents seeking to conduct a transaction with the objective of providing specified technology to a non-resident from a foreign state other than a specified state with to get permission for the transaction.

(3) In the cases set forth in the following items, the Minister of Economy, Trade and Industry, pursuant to Cabinet Order, may make it obligatory for persons seeking to take the action prescribed in that item to get permission for that action:

(i) on finding it to be necessary to do so in order to ensure the reliable implementation of paragraph (1): one of the following actions in connection with a transaction as referred to in paragraph (1):

(a) exporting a document, picture, or data storage medium containing information on specified technology (hereinafter referred to as a "document, picture, or storage medium containing specified information") to a specified foreign state;

(b) using telecommunications (meaning telecommunications as prescribed in Article 2, item (i) of the Telecommunications Business Act (Act No. 86 of

1984); the same applies hereinafter) to transmit information about a piece of specified technology, with the objective for the transmission to be received in a specified state (this is limited to transmission from telecommunications facilities (meaning telecommunications facilities as prescribed in item (ii) of that Article) located in Japan; the same applies hereinafter).

- (ii) on finding it to be necessary to do so in order to ensure the reliable implementation of the preceding paragraph: one of the following actions in connection with a transaction as prescribed in the preceding paragraph:
 - (a) exporting a document, picture, or storage medium containing specified information to a foreign state other than a specified state;
 - (b) using telecommunications to transmit information about a piece of specified technology, with the objective for the transmission to be received in a foreign state other than a specified state.
- (4) Before a resident conducts a transaction with a non-resident that is connected with the buying and selling, leasing, or donation of goods; that involves the transfer of goods between foreign states; and that Cabinet Order prescribes as being found to compromise world peace and international security, the resident, pursuant to Cabinet Order, must get the permission of the Minister of Economy, Trade and Industry for that transaction.
- (5) Before a resident conducts a service transaction (meaning a transaction with the objective of providing labor or a benefit; the same applies hereinafter) that constitutes the processing of minerals or anything Cabinet Order prescribes as similar thereto (excluding anything that falls under the category of the conclusion, renewal, or modification of a technology introduction contract as prescribed in Article 30, paragraph (1)), the resident must get the permission of the competent minister for that transaction, pursuant to Cabinet Order; provided, however, that this does not apply if the service transaction in question falls under the category of one for which the permission of the competent minister has been made obligatory pursuant to the following paragraph.
- (6) On finding that, if residents were to unrestrictedly conduct service transactions (other than service transactions linked to specified technology as prescribed in paragraph (1) and those falling under the category of the conclusion, renewal, or modification of a technology introduction contract as prescribed in Article 30, paragraph (1)) or transactions that are connected with the buying and selling, leasing, or donation of goods and that involve the transfer of goods between foreign states (other than those as prescribed in paragraph (4)) (hereinafter referred to as a "service transaction or transaction involving the transfer of goods between foreign states") with non-residents, it would prevent Japan from faithfully performing its obligations under a treaty

or other international agreement it has signed or would cause a situation that would prevent Japan from contributing to international efforts towards world peace, thereby making it difficult to achieve the purpose of this Act, or if a cabinet decision as referred to in Article 10, paragraph (1) has been reached, the competent minister, pursuant to Cabinet Order, may make it obligatory for a resident seeking to conduct a service transaction or transaction involving the transfer of goods between foreign states to get permission to conduct it.

(Sanctions)

- Article 25-2 (1) The Minister of Economy, Trade and Industry may prohibit a person that has conducted a transaction as prescribed in paragraph (1) of the preceding Article without getting the permission under that paragraph from conducting transactions with the objective of providing technology for the design, manufacture, or use of goods (hereinafter referred to as "technology for designing, manufacturing, or using goods" in this Article) in a foreign state or to a non-resident; from exporting a document, picture, or data storage medium containing information about technology for designing, manufacturing, or using goods (hereinafter referred to as "exporting a document, picture, or storage medium containing technological information") in connection with such a transaction; from using telecommunications to transmit information about technology for designing, manufacturing, or using goods with the objective of the transmission being received in a foreign state (hereinafter referred to as the "transmission of technological information outside Japan") in connection with such a transaction; or from exporting a specific kind of good linked to a piece of specified technology, but only during a period of up to three years.
- (2) If persons have been placed under the obligation to obtain the permission of the Minister of Economy, Trade and Industry pursuant to paragraph (2) or paragraph (3) of the preceding Article, but a person has undertaken a transaction or action as prescribed in one of those paragraphs without getting that permission, the minister may prohibit the person from conducting transactions with the objective of providing technology for designing, manufacturing, or using goods in a foreign state or to a non-resident; from exporting a document, picture, or storage medium containing technological information in connection with such a transaction; from transmitting technological information outside Japan in connection with such a transaction; or from exporting a specific kind of good linked to a piece of specified technology; but only during a period of up to one year.
- (3) The Minister of Economy, Trade and Industry may prohibit a person that has conducted a transaction as prescribed in paragraph (4) of the preceding Article without getting the permission under that paragraph from conducting transactions that are connected with the buying and selling, leasing, or

donation of goods and that involve the transfer of goods between foreign states with a non-resident, or from exporting goods, but only during a period of up to three years.

- (4) If the competent minister has made it obligatory to get permission to conduct a service transaction or transaction involving the transfer of goods between foreign states pursuant to paragraph (6) of the preceding Article, but a person has conducted a service transaction or transaction involving the transfer of goods between foreign states for which permission has been made obligatory without getting that permission, and the minister finds that the person is likely to once again conduct a service transaction or transaction involving the transfer of goods between foreign states for which permission has been made obligatory pursuant to that paragraph without getting that permission, the competent minister may fully or partially prohibit the person from conducting service transactions or transactions involving the transfer of goods between foreign states, but only during a period of up to one year, or, pursuant to Cabinet Order, may make it obligatory for the person to get permission to do so, but only during a period of up to one year.

Chapter V Inward Direct Investment and Equivalent Actions

(Definitions)

Article 26 (1) The term "foreign investor" means one of the following persons that undertakes inward direct investment or an equivalent action as set forth in the items of the following paragraph, or that makes a specified acquisition as prescribed in paragraph (3):

- (i) an individual that is a non-resident;
- (ii) a corporation or other organization established pursuant to foreign laws and regulations, or a corporation or other organization with a principal office in a foreign state;
- (iii) a company in which the sum total of the number of votes held directly by persons as set forth in item (i) and (ii) (other than votes associated with shares that do not allow the holder to vote on all of the matters regarding which a resolution may be passed at a shareholders' meeting, but including votes associated with shares whose holders are deemed to hold voting rights pursuant to Article 879, paragraph (3) of the Companies Act (Act No. 86 of 2005); hereinafter the same applies in this item and item (iv) of the following paragraph) and the number of votes that Cabinet Order prescribes as being held indirectly through another company make up at least 50 percent of the number of votes of all shareholders or all members;
- (iv) other than as set forth in the preceding two items, a corporation or other organization at which persons as set forth in item (i) constitute the majority

of the officers (meaning directors or other persons equivalent thereto; hereinafter the same applies in this item) or the majority of the officers with representative authority.

- (2) The term "inward direct investment or an equivalent action" means an action that falls under one of the following items:
- (i) the acquisition of shares or equity in a company (other than through a transfer from a person as set forth in the items of the preceding paragraph, and other than the acquisition of shares in a company that has issued shares listed on a financial instruments exchange as defined in Article 2, paragraph (16) of the Financial Instruments and Exchange Act or shares that Cabinet Order prescribes as being equivalent thereto (referred to as a "listed company or its equivalent" in items (ii) and (iii) and the following paragraph));
 - (ii) the transfer of the shares or equity in a company other than a listed company or its equivalent that a person held prior to becoming a non-resident (but only a transfer from an individual that is a non-resident to one of the persons set forth in the items of the preceding paragraph);
 - (iii) the acquisition of shares in a listed company or its equivalent (but only if the number of shares in the listed company or its equivalent which are subject to the acquisition make up at least the proportion specified by Cabinet Order, and no less than 10 percent, of the total number of issued shares in that company; or if the sum total of the number of shares that the acquirer comes to hold in the listed company or its equivalent after the acquisition and the number of shares in that company held by non-resident individuals, corporations, and other organizations (but only those falling under a category of person as set forth in items (ii) through (iv) of the preceding paragraph) that are related to the acquirer through the holding of shares or any other such permanent economic affiliation or through kinship, as well as those held by any other person that Cabinet Order prescribes as being specially affiliated with the acquirer through equivalent ties, will make up at least the proportion specified by Cabinet Order, and no less than 10 percent, of the total number of issued shares in that company);
 - (iv) consent given for a substantial modification to a company's business purpose (if it is a stock company, this is limited to consent given by persons holding at least one-third of all shareholders' voting rights in that company);
 - (v) establishment of a branch office or other such place of business in Japan or substantial modification of the type or business purpose of a branch office or other such place of business in Japan (but only its establishment or modification as Cabinet Order prescribes, conducted by a person as set forth in item (i) or (ii) of the preceding paragraph);
 - (vi) the lending of money exceeding the amount that Cabinet Order prescribes

- to a corporation having its principal office in Japan (excluding lending by a person engaged in the banking business, lending in the course of trade by any other financial institution that Cabinet Order prescribes, and lendings made in Japanese currency by a person as set forth in item (iii) or (iv) of the preceding paragraph), for a term exceeding one year;
- (vii) any action that Cabinet Order prescribes as equivalent to one of the actions referred to in the preceding items.
- (3) The term "specified acquisition" means the acquisition of shares or equity in a company other than a listed company or its equivalent, through a transfer by a person as referred to in the items of paragraph (1).

(Notification of Inward Direct Investment and Equivalent Actions;

Recommendations to Modify the Substance Thereof; Related Matters)

- Article 27 (1) Before engaging in inward direct investment or an equivalent action (other than anything that Cabinet Order prescribes in consideration of an inheritance, testamentary gift, merger of corporations, or other circumstances; hereinafter the same applies in this Article) that Cabinet Order prescribes as being likely to fall under a category necessitating an examination under paragraph (3), a foreign investor, pursuant to Cabinet Order, must first file a notification of the business purpose of the inward direct investment or equivalent action, its amount, its timing, and any other information that Cabinet Order prescribes with the Minister of Finance and the competent minister for the business.
- (2) A foreign investor that has filed a notification under the preceding paragraph with regard to inward direct investment or an equivalent action must not undertake in the inward direct investment or equivalent action that is the subject of that notification until the final day in the 30-day period that begins on the date that the Minister of Finance and the competent minister for the business accept the notification; provided, however, that on finding, before the end of this period, that, in light of its business purpose or any other consideration, the inward direct investment or equivalent action that is the subject of that notification does not fall under a category necessitating an examination pursuant to the following paragraph, the Minister of Finance and the competent minister for the business may shorten this period.
- (3) When a notification under paragraph (1) has been filed, on finding it necessary to examine whether the inward direct investment or equivalent action that is the subject of that notification falls under one of the following categories of inward direct investment or equivalent action (referred to as "inward direct investment or an equivalent action that is a matter of national security or a similar concern" in paragraphs (4), (5), and (11)), the Minister of Finance and the competent minister for the business may extend the period

during which the inward direct investment or equivalent action that is the subject of that notification must not be undertaken, but only to a period of four months beginning on the day on which the notification is accepted:

- (i) inward direct investment or an equivalent action that is likely to cause one of the situations set forth in (a) or (b) (but only inward direct investment or an equivalent action that is undertaken by a foreign investor from a member state of a multilateral treaty or other international agreement on inward direct investment and equivalent actions that Cabinet Order prescribes and to which Japan has acceded (hereinafter referred to as a "treaty or other agreement" in this item), if there is no obligation to remove restrictions on that inward direct investment or equivalent action based on the treaty or other agreement; as well as inward direct investment or an equivalent action that is undertaken by a foreign investor from a state other than the member state of such a treaty or other agreement, if there would be no obligation to remove restrictions on the inward direct investment or equivalent action if the state in question were a member state of the treaty or other agreement):
 - (a) it would compromise national security, create a barrier to the maintenance of public order, or interfere with the preservation of public safety;
 - (b) it would have a significantly adverse impact on the smooth operation of the Japanese economy.
 - (ii) inward direct investment or an equivalent action that, because it is undertaken by a foreign investor from a state with which Japan has not concluded any treaty or other international agreement on inward direct investment and equivalent actions, it is found necessary to modify the substance of or to discontinue, in order to harmonize its treatment, in real terms, with the treatment of direct investment and equivalent actions that Japanese investors undertake in that state (meaning direct investment and equivalent actions that are equivalent to inward direct investment and equivalent actions as set forth in the items of paragraph (2) of the preceding Article);
 - (iii) inward direct investment or an equivalent action that it is found necessary to modify the substance of or to discontinue, as all or part of it constitutes a capital transaction for which, pursuant to Article 21, paragraph (1) or (2), persons have been placed under the obligation to get permission, based on the use of funds or anything else.
- (4) Having extended the period during which inward direct investment or an equivalent action must not be undertaken pursuant to the preceding paragraph and upon reaching the finding, as the result of an examination under that paragraph and before the end of the extended period, that the inward direct investment or equivalent action that is the subject of the notification under

paragraph (1) does not fall under the category of inward direct investment or an equivalent action that is a matter of national security or a similar concern, the Minister of Finance and the competent minister for the business may shorten the extended period.

- (5) Having extended the period during which inward direct investment or an equivalent action must not be undertaken pursuant to paragraph (3) and upon reaching the finding, as the result of an examination under that paragraph, that the inward direct investment or equivalent action that is the subject of the notification under paragraph (1) falls under the category of inward direct investment or an equivalent action that is a matter of national security or a similar concern, the Minister of Finance and the competent minister for the business may recommend the person that filed the notification of the inward direct investment or equivalent action to modify the substance of the investment or action or to discontinue it, pursuant to Cabinet Order and after hearing the opinions of the Council on Customs, Tariffs, Foreign Exchange, and Other Transactions; provided, however, that the period during which the ministers may issue a recommendation to modify or discontinue this runs from the day on which the ministers accept the notification until the final day in the period as extended pursuant to paragraph (3) or (6).
- (6) Notwithstanding paragraph (3), if the Minister of Finance and the competent minister for the business will hear the opinion of the Council on Customs, Tariffs, Foreign Exchange, and Other Transactions pursuant to the preceding paragraph, but the Council makes a filing indicating that, considering the character of the matter in question, it will be difficult for it to state its opinion within the period of four months prescribed in paragraph (3), the period during which inward direct investment must not be undertaken as prescribed in that paragraph is five months.
- (7) A person that is issued a recommendation under paragraph (5) must notify the Minister of Finance and the competent minister for the business of whether or not the person will comply with the recommendation, within 10 days of having been issued it.
- (8) Having notified the ministers, pursuant to the preceding paragraph, of compliance with a recommendation, a person must undertake the inward direct investment or equivalent action that is subject to the recommendation in conformity with that recommendation.
- (9) Notwithstanding paragraph (3) or (6), once a person notifies the ministers, pursuant to paragraph (7), of compliance with a recommendation, the person may undertake the inward direct investment or equivalent action that is subject to the recommendation even if four months (or five months, if the period has been extended pursuant to that paragraph) have not yet passed since the day on which the person filed the notification with regard to that

inward direct investment or equivalent action.

- (10) If a person that has been issued a recommendation under paragraph (5) fails to notify the ministers as under paragraph (7) or notifies the ministers of non-compliance with the recommendation, the Minister of Finance and the competent minister for the business may order the person to modify the substance of the inward direct investment or equivalent action or discontinue it; provided, however, that the period during which the ministers may issue an order to modify or discontinue this runs from the day on which they accept the notification until the final day in the period as extended pursuant to paragraph (3) or (6).
- (11) On finding that, because of a change in economic conditions or for any other reason, inward direct investment or an equivalent action that is the subject of a notification under paragraph (1) has ceased to fall under the category of inward direct investment or an equivalent action that is a matter of national security or a similar concern, the Minister of Finance and the competent minister for the business may fully or partially rescind the recommendation issued to a person that has notified them as under paragraph (7) of compliance with a recommendation to modify the substance of an inward direct investment or equivalent action, and may fully or partially rescind the order issued to a person that has been ordered, pursuant to the preceding paragraph, to modify the substance of an inward direct investment or an equivalent action.
- (12) Beyond as established in paragraphs (5) through (11), Cabinet Order prescribes the procedures for recommending modifications to the content of inward direct investment and equivalent actions and the discontinuance of the same, and provides for other necessary particulars in connection with these recommendations.
- (13) As regards anything equivalent to inward direct investment or an equivalent action that a person (this includes corporations and other organizations) other than a foreign investor undertakes on behalf of a foreign investor without using the name of the foreign investor, the person that is not a foreign investor is deemed to be a foreign investor and the preceding paragraphs and Article 29 apply.

(Notification of Specified Acquisition; Recommendations to Modify the Substance Thereof; Related Matters)

Article 28 (1) Before seeking to make a specified acquisition (other than anything that Cabinet Order prescribes in consideration of an inheritance, testamentary gift, merger of corporations, or other circumstances; hereinafter the same applies in this Article) that Cabinet Order prescribes as being likely to fall under a category necessitating an examination under paragraph (3), a foreign investor, pursuant to Cabinet Order, must first file a notification of the

business purpose of the specified acquisition, its amount, its timing, and any other information that Cabinet Order prescribes with the Minister of Finance and the competent minister for the business.

- (2) A foreign investor that has filed a notification under the preceding paragraph with regard to a specified acquisition must not undertake the specified acquisition that is the subject of that notification until the final day in the 30-day period that begins on the date that the Minister of Finance and the competent minister for the business accept the notification; provided, however, that on finding, before the end of this period, that, based on the business purpose or any other consideration, the specified acquisition that is the subject of that notification does not fall under a category necessitating an examination under the following paragraph, the Minister of Finance and the competent minister for the business may shorten this period.
- (3) When a notification under paragraph (1) has been filed, on finding it necessary to examine whether the specified acquisition that is the subject of the notification falls under the category of a specified acquisition that is highly likely to cause a situation that would compromise national security (but only a specified acquisition that is undertaken by a foreign investor from a member state of a multilateral treaty or other international agreement on specified acquisition that Cabinet Order prescribes and to which Japan has acceded (hereinafter referred to as a "treaty or other agreement" in this paragraph), if there is no obligation to remove restrictions on that specified acquisition based on the treaty or other agreement; as well as a specified acquisition that is undertaken by a foreign investor from a state other than the member state of such a treaty or other agreement, if there would be no obligation to remove restrictions on the specified acquisition if the state in question were a member state of the treaty or other agreement; referred to as a "specified acquisition that is a matter of national security" in the following paragraph and paragraph (5), and paragraphs (1) and (2) of the following Article), the Minister of Finance and the competent minister for the business may extend the period during which the specified acquisition that is the subject of the notification must not be undertaken, but only to a period of four months beginning on the day on which the notification is accepted.
- (4) Having extended the period during which a specified acquisition must not be undertaken pursuant to the preceding paragraph and upon reaching the finding, as the result of an examination under that paragraph and before the end of the extended period, that the specified acquisition that is the subject of the notification under paragraph (1) does not fall under the category of a specified acquisition that is a matter of national security, the Minister of Finance and the competent minister for the business may shorten the extended period.

- (5) Having extended the period during which a specified acquisition must not be undertaken pursuant to paragraph (3), and upon reaching the finding, as the result of an examination under that paragraph, that the specified acquisition that is the subject of the notification under paragraph (1) falls under the category of a specified acquisition that is a matter of national security, the Minister of Finance and the competent minister for the business may recommend the person that filed the notification of the specified acquisition to modify the substance of the acquisition or discontinue it, pursuant to Cabinet Order and after hearing the opinion of the Council on Customs, Tariffs, Foreign Exchange, and Other Transactions; provided, however, that the period during which the ministers may issue a recommendation to modify or discontinue this runs from the day on which they accept the notification up until the final day in the period as extended pursuant to paragraph (3) or the following paragraph.
- (6) Notwithstanding paragraph (3), if the Minister of Finance and the competent minister for the business will hear the opinion of the Council on Customs, Tariffs, Foreign Exchange, and Other Transactions pursuant to the preceding paragraph, but the Council makes a filing indicating that, considering the character of the matter in question, it will be difficult for it to state its opinion within the period of four months prescribed in paragraph (3), the period during which a specified acquisition must not be undertaken as prescribed in that paragraph is five months.
- (7) Paragraphs (7) through (12) of the preceding Article apply mutatis mutandis if the recommendation under paragraph (5) is issued. Cabinet Order prescribes the necessary deemed technical replacements of terms for such a case.
- (8) As regards anything equivalent to a specified acquisition that a person (this includes corporations and other organizations) other than a foreign investor undertakes on behalf of a foreign investor without using the name of the foreign investor, the person that is not a foreign investor is deemed to be a foreign investor and the preceding paragraphs and the following Article apply.

Article 28 Deleted

(Ordering Measures)

Article 29 (1) In the following cases, if the Minister of Finance and the competent minister for the business find that the inward direct investment or equivalent action in question falls under a category of inward direct investment or equivalent action as referred to in Article 27, paragraph (3), item (i) (limited to inward direct investment or an equivalent action that is likely to cause a situation that would compromise national security; hereinafter referred to as "inward direct investment or an equivalent action

that is a matter of national security" in this Article), they may order the foreign investor that has undertaken the inward direct investment or equivalent action to dispose of all or part of the shares or equity acquired through the inward direct investment or equivalent action or take other necessary measures, pursuant to Cabinet Order, after hearing the opinion of the Council on Customs, Tariffs, Foreign Exchange, and Other Transactions; and if they find that the specified acquisition in question falls under the category of a specified acquisition that is a matter of national security, they may order the foreign investor that has undertaken the specified acquisition to dispose of all or part of the shares or equity acquired through the specified acquisition or take other necessary measures, pursuant to Cabinet Order, after hearing the opinion of the Council on Customs, Tariffs, Foreign Exchange, and Other Transactions:

- (i) if a foreign investor that must file a notification under Article 27, paragraph (1) or paragraph (1) of the preceding Article undertakes inward direct investment or an equivalent action or a specified acquisition without filing that notification;
 - (ii) if a foreign investor that has filed a notification under Article 27, paragraph (1) or paragraph (1) of the preceding Article undertakes the inward direct investment or equivalent action or the specified acquisition that is the subject of that notification, before the end of the period prohibiting that undertaking.
- (2) If a foreign investor filing a notification under Article 27, paragraph (1) or paragraph (1) of the preceding Article has done so through a false filing and the Minister of Finance and the competent minister for the business find that the inward direct investment or equivalent action or specified acquisition that is the subject of that notification falls under the category of inward direct investment or an equivalent action that is a matter of national security or the category of a specified acquisition that is a matter of national security, they may order the foreign investor that has undertaken the inward direct investment or equivalent action or the specified acquisition to take the necessary measures, pursuant to Cabinet Order and after hearing the opinion of the Council on Customs, Tariffs, Foreign Exchange, and Other Transactions.
- (3) If a foreign investor that has filed a notification under Article 27, paragraph (1) or paragraph (1) of the preceding Article fails to follow a recommendation to modify the substance of the inward direct investment or equivalent action or the specified acquisition that is the subject of that notification after having notified the ministers of compliance with that recommendation pursuant to Article 27, paragraph (7) (including as applied mutatis mutandis pursuant to paragraph (7) of the preceding Article), or if such a foreign investor violates an order under Article 27, paragraph (10) (including as applied mutatis mutandis

pursuant to paragraph (7) of the preceding Article) to modify the substance of the inward direct investment or equivalent action or the substance of the specified acquisition (as regards inward direct investment or an equivalent action, this is limited to if the inward direct investment or equivalent action in question is found to fall under the category of inward direct investment or an equivalent action that is a matter of national security), the Minister of Finance and the competent minister for the business may order the foreign investor that has undertaken the inward direct investment or equivalent action or the specified acquisition to dispose of all or part of the shares or equity acquired through the inward direct investment or equivalent action or through the specified acquisition (if the ministers have recommended modifying the number or amount of shares or the number or amount of units of equity involved in the inward direct investment or equivalent action or in the specified acquisition pursuant to Article 27, paragraph (5) or paragraph (5) of the preceding Article, or if they have ordered a modification to the number or amount of shares or the number or amount of units of equity involved in the inward direct investment or equivalent action or in the specified acquisition pursuant to Article 27, paragraph (10) (including as applied mutatis mutandis pursuant to paragraph (7) of the preceding Article), they may only order the investor to dispose of the part subject to the modification), or to take other necessary measures, pursuant to Cabinet Order.

(4) If a foreign investor that has filed a notification under Article 27, paragraph (1) or paragraph (1) of the preceding Article fails to follow a recommendation to discontinue the inward direct investment or equivalent action or the specified acquisition that is the subject of that notification after having notified the ministers of compliance with that recommendation pursuant to Article 27, paragraph (7) (including as applied mutatis mutandis pursuant to paragraph (7) of the preceding Article), or if such a foreign investor violates an order under Article 27, paragraph (10) (including as applied mutatis mutandis pursuant to paragraph (7) of the preceding Article) to discontinue the inward direct investment or equivalent action or the specified acquisition (as regards inward direct investment or an equivalent action, this is limited to if the inward direct investment or an equivalent action is found to fall under the category of inward direct investment or an equivalent action that is a matter of national security), the Minister of Finance and the competent minister for the business may order the foreign investor that has undertaken the inward direct investment or equivalent action or the specified acquisition to dispose of all or part of the shares or equity acquired through the inward direct investment or equivalent action or through the specified acquisition, or to take other necessary measures, pursuant to Cabinet Order.

(5) The term "period prohibiting that undertaking" referred to in paragraph (1),

item (ii) means the period prescribed in the main clause of Article 27, paragraph (2) (if the period is extended pursuant to paragraph (3) or (6) of that Article or shortened pursuant to the proviso to paragraph (2) or paragraph (4) of that Article, the period so extended or shortened) or the period prescribed in the main clause of paragraph (2) of the preceding Article (if the period is extended pursuant to paragraph (3) or (6) of that Article or shortened pursuant to the proviso to paragraph (2) or paragraph (4) of that Article, the period so extended or shortened).

(Notification of the Conclusion, Renewal, or Modification of a Technology Introduction Contract; Recommendations to Modify the Substance Thereof; Related Matters)

- Article 30 (1) Before a resident seeks to conclude or to renew or otherwise modify the clauses of a contract with a non-resident (this includes the branch office or other such place of business in Japan of a non-resident; hereinafter the same applies in this Article) which concerns the non-resident's transfer of an industrial property right or other right associated with technology, the non-resident's establishment of use rights in connection with these, or technological guidance in connection with the non-resident's business operations (hereinafter referred to as the "conclusion, renewal, or modification of a technology introduction contract" in this Article and Article 55-6, Article 69-3, paragraph (2) and Article 70, paragraph (1)), which Cabinet Order prescribes as being likely to fall under a category necessitating an examination under paragraph (3), the resident must first notify the Minister of Finance and the competent minister for the business, pursuant to Cabinet Order, of the clauses of the contract and other information that Cabinet Order prescribes with regard to the conclusion, renewal, or modification of a technology introduction contract.
- (2) A resident that has filed a notification under the preceding paragraph with regard to the conclusion, renewal, or modification of a technology introduction contract must not undertake the conclusion, renewal, or modification of the technology introduction contract that is the subject of that notification until the final day in the 30-day period that begins on the date that the Minister of Finance and the competent minister for the business accept the notification; provided, however, that on finding, before the expiration of the period and in consideration of factors such as the kind of technology, that the conclusion, renewal, or modification of a technology introduction contract that is the subject of that notification does not fall under a category necessitating an examination under the following paragraph, the Minister of Finance and the competent minister for the business may shorten this period.
- (3) When a notification under paragraph (1) has been filed, on finding it necessary to examine whether the conclusion, renewal, or modification of a

technology introduction contract that is the subject of that notification falls under the category of the conclusion, renewal, or modification of a technology introduction contract that is likely to cause one of the following situations (but only the conclusion, renewal, or modification of a technology introduction contract with a non-resident from a member state of a multilateral treaty or other international agreement on the conclusion, renewal, or modification of a technology introduction contract that Cabinet Order prescribes and to which Japan has acceded (hereinafter referred to as a "treaty or other agreement" in this paragraph), if there is no obligation to remove restrictions on the conclusion, renewal, or modification of that technology introduction contract based on the treaty or other agreement; as well as the conclusion, renewal, or modification of a technology introduction contract with a non-resident from a state other than the member state of such a treaty or other agreement, if there would be no obligation to remove restrictions on the conclusion, renewal, or modification of that technology introduction contract if the state were a member state of the treaty or other agreement (referred to as the "conclusion, renewal, or modification of a technology introduction contract that is a matter of national security or a similar concern" in paragraphs (4) and (5))), the Minister of Finance and the competent minister for the business may extend the period in which the conclusion, renewal, or modification of a technology introduction contract that is the subject of that notification must not be conducted, but only to a period of four months beginning on the day on which the notification is accepted:

- (i) it would compromise national security, create a barrier to the maintenance of public order, or interfere with the preservation of public safety;
- (ii) it would have a significantly adverse impact on the smooth operation of the Japanese economy.

- (4) Having extended the period in which the conclusion, renewal, or modification of a technology introduction contract must not be undertaken pursuant to the preceding paragraph and upon reaching the finding, as the result of an examination under that paragraph and before the end of the extended period, that the conclusion, renewal, or modification of the technology introduction contract that is the subject of a notification under paragraph (1) does not fall under the category of the conclusion, renewal, or modification of a technology introduction contract that is a matter of national security or a similar concern, the Minister of Finance and the competent minister for the business may shorten the extended period.
- (5) Having extended the period during which the conclusion, renewal, or modification of a technology introduction contract must not be undertaken pursuant to paragraph (3), and upon reaching the finding, as the result of an examination under that paragraph, that the conclusion, renewal, or

modification of the technology introduction contract that is the subject of a notification under paragraph (1) falls under the category of conclusion, renewal, or modification of a technology introduction contract that is a matter of national security or a similar concern, the Minister of Finance and the competent minister for the business may recommend the person that filed the notification of the conclusion, renewal, or modification of the technology introduction contract to fully or partially modify the clauses of the contract or to discontinue it, pursuant to Cabinet Order and after hearing the opinion of the Council on Customs, Tariffs, Foreign Exchange, and Other Transactions; provided, however, that the period during which the ministers may issue a recommendation to modify or discontinue this runs from the day on which the ministers accept the notification until the final day in the period as extended pursuant to paragraph (3) or (6).

- (6) Notwithstanding paragraph (3), if the Minister of Finance and the competent minister for the business will hear the opinion of the Council on Customs, Tariffs, Foreign Exchange, and Other Transactions pursuant to the preceding paragraph, but the Council makes a filing indicating that, considering the character of the matter in question, it will be difficult for it to state its opinion within the period of four months prescribed in paragraph (3), the period during which the conclusion of a technology introduction contract must not be undertaken as prescribed in that paragraph is five months.
- (7) The provisions of paragraphs (7) through (12) of Article 27 apply mutatis mutandis to cases if a recommendation pursuant to paragraph (5) has been issued. Cabinet Order prescribes the necessary technical replacement of terms for such a case.
- (8) The provisions of the preceding respective paragraphs do not apply to the conclusion, renewal, or modification of a technology introduction contract involving technology that the branch office or other such place of business in Japan of a non-resident has developed independently, nor does it apply to the conclusion, renewal, or modification of a technology introduction contract that Cabinet Order prescribes.

Article 31 Deleted

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Chapter VI Foreign Trade

(Principle of Export)

Article 47 As long as it conforms to the purpose of this Act, the exporting of goods is to be permitted under the minimum level of restrictions.

(Permission to Export; Related Matters)

Article 48 (1) A person seeking to undertake the export of a specific kind of goods to a specified region prescribed by Cabinet Order as being found to compromise world peace and international security must get the permission of the Minister of Economy, Trade and Industry to do so, pursuant to Cabinet Order.

(2) On finding it to be necessary to do so in order to ensure the reliable implementation of the preceding paragraph, the Minister of Economy, Trade and Industry, pursuant to Cabinet Order, may make it obligatory for persons seeking to export the specific kind of goods referred to in that paragraph to a region other than a specified region as referred to in that paragraph to get permission to do so.

(3) Beyond as prescribed in the preceding two paragraphs, the Minister of Economy, Trade and Industry, pursuant to Cabinet Order, may make it obligatory for persons seeking to export a specific kind of goods or to export goods to a specified region or for persons seeking to export goods through specified transactions to get approval to do so, to the extent necessary to maintain equilibrium in the balance of international payments, to achieve sound development in foreign trade and the national economy, to enable Japan's faithful performance of its obligations under a treaty or other international agreement it has signed, to allow Japan to contribute to international efforts towards world peace, or to make it possible to implement a cabinet decision as referred to in Article 10, paragraph (1).

Article 49 Deleted

Article 50 Deleted

(Suspension of Shipments in Cases of Emergency)

Article 51 On finding there to be a particularly urgent need to do so, the Minister of Economy, Trade and Industry, pursuant to Order of the Ministry of Economy, Trade and Industry, may designate items or destinations and suspend shipments of goods for a period of not more than one month.

(Import Approval)

Article 52 In order to achieve sound development in foreign trade and the national economy, allow Japan to faithfully fulfill its obligations under a treaty or other international agreements it has signed, enable Japan to contribute to international efforts towards world peace, or make it possible to implement a cabinet decision referred to in Article 10, paragraph (1), it may be made obligatory for persons seeking to import goods to get import approval pursuant to Cabinet Order.

(Sanctions)

Article 53 (1) The Minister of Economy, Trade and Industry may prohibit a person that has exported goods prescribed in Article 48, paragraph (1) without getting permission pursuant to that paragraph from exporting goods; from conducting transactions whose objective is providing specified technology in a foreign state or to a non-resident; from exporting a document, picture, or storage medium containing specified information in connection with such a transaction; or from using telecommunications to transmit information about specified technology with the objective of having it received in a foreign state in connection with such a transaction, for a period of not more than three years.

- (2) The Minister of Economy, Trade and Industry may prohibit a person that has violated this Act, an Order based on this Act, or an agency action based on either of these with regard to the import or export of goods (other than a person as prescribed in the preceding paragraph) from importing or exporting goods for a period of not more than one year (or three years, if the person has violated responsive measures as prescribed in Article 10, paragraph (1) (limited to those involving Article 48, paragraph (3) or the preceding Article)).
- (3) If the Minister of Economy, Trade and Industry imposes a prohibition under paragraph (1) or the preceding paragraph, and the violator (meaning the person that has exported goods as prescribed in Article 48, paragraph (1) without getting the permission under paragraph (1) of that Article as prescribed in paragraph (1), or the person that has violated this Act, an Order based this Act, or an agency action based on one of these in connection with the import or export of goods prescribed in the preceding paragraph; the same applies in the following paragraph) is an individual, the minister may prohibit the violator from becoming the officer (meaning the member in charge of executive business management, the director, executive officer, representative, administrator or any equivalent person, and including a consultant, advisor, or any other person, irrespective of title, that is found to have at least the same level of control in a corporation as that of a member in charge of executive business management, director, executive officer, representative, administrator, or any equivalent person; the same applies in the following paragraph) in charge of operations that are within the scope of the prohibition at a corporation (including an association or foundation without legal personality for which a representative or administrator has been designated; hereinafter the same applies in this paragraph and the following paragraph) that engages in such operations, for the same period as that of the prohibition.
- (4) If the Minister of Economy, Trade and Industry imposes a prohibition under paragraph (1) or (2), and the person specified in the relevant of the following items for the category of violator referred to in that item falls under the category of a person that Order of Ministry of Economy, Trade and Industry prescribes as one whose engagement in the operations that are subject to the prohibition it is found to be appropriate to restrict in order to ensure the effectiveness of the prohibition, in consideration of the factual circumstances serving as the reason for the prohibition and the degree to which the person was responsible for those circumstances, the minister may prohibit the person from commencing new operations within the scope subject to the prohibition (this includes prohibiting the person from becoming the officer in charge of such new operations at a corporation engaging in those operations), for the same period as that of the prohibition:
- (i) if the violator is a corporation: its officer; any person that has been its

- officer within the 60 days prior to the agency action imposing the prohibition; a person managing the operations at its business office or any other employee that Cabinet Order prescribes (hereinafter referred to as an "employee" in this item and the following item); or a person that has been its employee within the 60 days prior to the day of the prohibition;
- (ii) if the violator is an individual: the individual's employee or any person that has been the individual's employee within the 60 days prior to the agency action imposing the prohibition.

(Exercising Command and Supervision over the Directors-General of Custom-Houses; Related Matters)

- Article 54 (1) Pursuant to Cabinet Order, the Minister of Economy, Trade and Industry may exercise command and supervision over the Directors-General of Custom-Houses with regard to the importing and exporting of goods falling under the minister's jurisdiction.
- (2) Pursuant to Cabinet Order, the Minister of Economy, Trade and Industry may delegate part of the authority based on this Act to the Directors-General of Custom-Houses.

Chapter VI-2 Reports; Other Matters

(Reporting the Making and Receipt of Payments)

- Article 55 (1) Except in a case that Cabinet Order prescribes, when a resident has received a payment that was made from Japan to a foreign state, or when a non-resident has received a payment that was made from a foreign state to Japan, that resident or non-resident, pursuant to Cabinet Order, must report the substance of the payment being made and received, its timing, and any other information that Cabinet Order prescribes to the competent minister; and a resident must do the same when making or receiving a payment in Japan or in a foreign state to or from a non-resident.
- (2) If a payment as referred to in the preceding paragraph that is the subject of a report under that paragraph is made or received through an exchange transaction conducted by a bank or other financial institution or a funds transfer service provider, the report is to be made, pursuant to Cabinet Order, through the bank or other financial institution or the funds transfer service provider; provided, however, that if an electronic data processing system as prescribed in Article 3, paragraph (1) of the Act on the Utilization of Information and Communications Technology in Administrative Procedures (Act No. 151 of 2002) is used to make a report as referred to in the preceding paragraph, it may be made without going through the bank or other financial institution or the funds transfer service provider, and without going through

postal service offices.

Article 55-2 Deleted

(Report of Capital Transactions)

- Article 55-3 (1) Except in cases that Cabinet Order prescribes, on each occasion on which a resident or a non-resident becomes a party to a capital transaction as set forth in one of the following items (other than one falling under the category of a specified capital transaction; hereinafter the same applies in this Article), either the resident or the non-resident, as per the classification prescribed in the relevant item, must report the substance of the capital transaction, its timing, and any other information that Cabinet Order prescribes to the Minister of Finance, pursuant to Cabinet Order; provided, however, that this does not apply to a capital transaction as set forth in item (vi), if a notification must be filed for it pursuant to Article 23, paragraph (1):
- (i) a capital transaction as set forth in Article 20, item (i): the resident;
 - (ii) a capital transaction as set forth in Article 20, item (ii) (other than one falling under the category of a capital transaction as set forth in item (vi)): the resident;
 - (iii) a capital transaction as set forth in Article 20, item (iii): the resident;
 - (iv) a capital transaction as set forth in Article 20, item (iv) that also constitutes a transaction giving rise to, altering, or extinguishing a claim in connection with which payment can be received in a foreign currency under a deposit contract, trust contract, money loan agreement, obligation guarantee contract, or sales contract for a foreign means of payment or claim, between a resident and another resident: the resident;
 - (v) a capital transaction as set forth in Article 20, item (v) (other than one falling under the category of a capital transaction as set forth in the following item): the resident;
 - (vi) a capital transaction as set forth in Article 20, items (ii), (v), and (xi) involving outward direct investment by a resident: the resident;
 - (vii) a capital transaction as set forth in Article 20, item (vi) constituting a resident's issuing of securities or offering of them for subscription in a foreign state or constituting a resident's issuing of foreign securities or offering of them for subscription in Japan: the resident;
 - (viii) a capital transaction as set forth in Article 20, item (vi) constituting a non-resident's issuing of securities or offering of them for subscription in Japan: the non-resident;
 - (ix) a capital transaction as set forth in Article 20, item (vii): the non-resident;
 - (x) a capital transaction as set forth in Article 20, item (viii): the resident;
 - (xi) a capital transaction as set forth in Article 20, item (ix): the resident;

- (xii) a capital transaction as set forth in Article 20, item (x) constituting a non-resident's acquisition of real estate in Japan or rights to real estate that is located in Japan: the non-resident;
- (xiii) a capital transaction as set forth in Article 20, item (xii) which Cabinet Order prescribes: a resident or non-resident that Cabinet Order prescribes.
- (2) On each occasion that a bank or other financial institution or a financial instruments business operator acts as an intermediary, commission agent, or other agent for a capital transaction as set forth in item (v), (x), or (xi) of the preceding paragraph, that person, pursuant to Cabinet Order, must report the substance of the capital transaction, its timing, and any other information that Cabinet Order prescribes to the Minister of Finance.
- (3) Notwithstanding paragraph (1), if a resident that is not a bank or other financial institution, that is not a financial instruments business operator, and that is not the filer of a notification (meaning a resident that is a party to capital transactions as set forth in paragraph (1), item (iv) or (xi), and that has filed a notification with the Minister of Finance indicating, pursuant to Ministry of Finance Order, the wish to arrange things so that a report under that paragraph is not required from any person that becomes the other party to such capital transactions with the resident, and giving the resident's name, address, and other information that Ministry of Finance Order prescribes; hereinafter the same applies in this Article) becomes a party to a capital transaction as set forth in paragraph (1), item (iv) or (xi), and the other party to the capital transaction is a bank or other financial institution, a financial instruments business operator, or the filer of a notification, the resident is not required to report as under that paragraph with regard to that capital transaction.
- (4) Notwithstanding paragraph (1), beyond as prescribed in the preceding paragraph, if a resident has become a party to a capital transaction as set forth in paragraph (1), item (v), (x), or (xi), and a bank or other financial institution or a financial instruments business operator acts as the intermediary, commission agent, or other agent for the capital transaction, the resident is not required to report as under that paragraph with regard to that capital transaction.
- (5) Notwithstanding paragraph (1) or (2) as regards a bank or other financial institution or a financial instruments business operator, and notwithstanding paragraph (1) as regards the filer of a notification, these persons may report in block, pursuant to Cabinet Order, the information that Ministry of Finance Order prescribes with regard to capital transactions to which they have been a party or for which they have acted as intermediary, commission agent, or other agent within a certain period of time. In such a case, pursuant to Cabinet Order, a person that has so reported must prepare and preserve books and

documents in which the person has included the information that Ministry of Finance Order prescribes with regard to the capital transactions that are the subject of the report.

- (6) If information in a notification as prescribed in paragraph (3) changes, the filer of the notification must file a notification with the Minister of Finance indicating this and detailing the information subject to the change without delay.
- (7) Ministry of Finance Order provides for public notice with regard to notifications as referred to in paragraph (3), inspection of a list of the filers of notifications, and other necessary matters concerning notifications as referred to in that paragraph.

Article 55-4 Except in a case that Cabinet Order prescribes, having become a party to one of the following specified capital transactions, a resident, pursuant to Cabinet Order, must report the substance of the specified capital transaction, its timing, and any other information that Cabinet Order prescribes to the Minister of Economy, Trade and Industry:

- (i) a specified capital transaction connected with a capital transaction as set forth in Article 20, item (ii);
- (ii) a specified capital transaction connected with a capital transaction as set forth in Article 20, item (xii) that Cabinet Order prescribes.

(Report of Inward Direct Investment or an Equivalent Action)

Article 55-5 (1) Having undertaken inward direct investment or an equivalent action (other than anything that Cabinet Order prescribes in consideration of an inheritance, testamentary gift, merger of corporations, or other circumstances; hereinafter the same applies in this Article), a foreign investor, pursuant to Cabinet Order, must report the substance of the inward direct investment or equivalent action, its timing, and any other information that Cabinet Order prescribes to the Minister of Finance and the competent minister for the business; provided, however, that this does not apply to inward direct investment or an equivalent action for which a notification must be filed pursuant to Article 27, paragraph (1).

- (2) As regards anything equivalent to inward direct investment or an equivalent action that a person (this includes corporations and other organizations) other than a foreign investor undertakes on behalf of a foreign investor without using the name of the foreign investor, the person that is not a foreign investor is deemed to be a foreign investor and the preceding paragraph applies.

(Reporting the Conclusion, Renewal, or Modification of a Technology Introduction Contract)

Article 55-6 (1) Having undertaken the conclusion, renewal, or modification of a technology introduction contract with a non-resident (including the branch office or other such place of business in Japan of a non-resident), a resident, pursuant to Cabinet Order, must report the conclusion, renewal, or modification of the technology introduction contract to the Minister of Finance and the competent minister for the business; provided, however, that this does not apply to the conclusion, renewal, or modification of a technology introduction contract with regard to which a notification must be filed pursuant to Article 30, paragraph (1).

(2) The provisions of the preceding paragraph do not apply to the conclusion, renewal, or modification of a technology introduction contract for technology developed independently by the branch office or other such place of business in Japan of a non-resident, nor does it apply to the conclusion, renewal, or modification of a technology introduction contract that Cabinet Order prescribes.

(Reporting of Information Related to Foreign Exchange Services)

Article 55-7 To the extent necessary for achieving the purpose of this Act, the Minister of Finance, pursuant to Cabinet Order, may ask a person engaged in foreign exchange services (meaning engagement, in the course of trade, in foreign exchange transactions or other transactions or actions that Cabinet Order prescribes as being closely related to the trends in Japan's balance of international payments or in Japan's foreign borrowing and lending) that Cabinet Order prescribes as a person engaged in those services on a considerable scale, to report information about its foreign exchange services (excluding information subject to a report under Article 55-3).

(Other Reporting)

Article 55-8 Beyond as otherwise provided for in this Act, the competent minister, pursuant to Cabinet Order and to the extent necessary for achieving the purpose of this Act, may ask a person that has undertaken or will undertake a transaction, action, or the making or receipt of a payment governed by this Act, or any related person, to report the substance of the transaction, the action, or the making or receipt of the payment as well as any other information related to the transaction, action, or making or receipt of the payment.

(Statistics Related to Foreign Borrowing and Lending and the Balance of International Payments)

Article 55-9 (1) The Minister of Finance, pursuant to Cabinet Order, must prepare statistics related to foreign borrowing and lending and the balance of

- international payments, and must periodically report them to the Cabinet.
- (2) On finding it necessary to do so in order to prepare the statistics prescribed in the preceding paragraph, the Minister of Finance, pursuant to Cabinet Order, may ask the relevant administrative organs and other persons to submit materials.

Chapter VI-3 Compliance Standards for Exporters and Persons Conducting Similar Transactions

(Compliance Standards for Exporters and Persons Conducting Similar Transactions)

- Article 55-10 (1) The Minister of Economy, Trade and Industry must establish standards by which a person conducting transactions as prescribed in Article 25, paragraph (1) or engaged in exporting goods as prescribed in Article 48, paragraph (1) (hereinafter referred to as "exporting goods or conducting similar transactions") in the course of trade (such a person is hereinafter referred to as an "exporter or person conducting similar transactions") must abide when exporting goods or conducting similar transactions (hereinafter referred to as "compliance standards for exporters and persons conducting similar transactions"), by Order of the Ministry of Economy, Trade and Industry.
- (2) The compliance standards for exporters and persons conducting similar transactions must set forth the particulars for confirming whether specified technology that a person seeks to provide through a transaction as prescribed in Article 25, paragraph (1) or a specific kind of goods as prescribed in Article 48, paragraph (1) that a person seeks to export to a specified region as prescribed in that paragraph falls under the category of specified important goods or technology, and anything else with which a person must comply in conducting such a transaction or in undertaking such an export.
- (3) The term "specified important goods or technology" as used in the preceding paragraph means specified technology or a specific kind of goods as prescribed in Article 48, paragraph (1), which is specified by Order of the Ministry of Economy, Trade and Industry as one whose provision in a specified state or to the non-resident of a specified state or whose export to a specified region as under that paragraph would compromise world peace and international security.
- (4) An exporter or person conducting similar transactions must export goods or conduct similar transactions pursuant to the compliance standards for exporters and persons conducting similar transactions.

(Issuing Guidance and Advice)

- Article 55-11 On finding it necessary to do so in order to ensure that a person is

properly exporting goods or conducting similar transactions, the Minister of Economy, Trade and Industry may issue the necessary guidance and advice to an exporter or person conducting similar transactions to ensure that this is being done in accordance with the compliance standards for exporters and persons conducting similar transactions.

(Issuing Recommendations and Orders)

- Article 55-12 (1) Having issued guidance or advice as under the preceding Article, if the Minister of Economy, Trade and Industry finds an exporter or person conducting similar transactions to be in violation of the compliance standards for exporters and persons conducting similar transactions, the minister may issue the exporter or person conducting similar transactions a recommendation to comply with the compliance standards for exporters and persons conducting similar transactions.
- (2) If a person issued a recommendation under the preceding paragraph fails to follow that recommendation, the Minister of Economy, Trade and Industry may order that person to take the recommended measures.

Chapter VII Relationship with the Administrative Procedure Act

(Non-Applicability of the Administrative Procedure Act)

- Article 55-13 Chapters 2 and 3 of the Administrative Procedure Act (Act No. 88 of 1993) do not apply to permission under Article 25, paragraph (1); under an Order based on paragraph (2) or (3) of that Article; under paragraph (4) of that Article; under Article 48, paragraph (1); or under an Order based on paragraph (2) of that Article; nor do those Chapters apply to the rescission of such permission.

Chapter VII-2 Requests for Review

- Article 56 (1) Unless an administrative agency, pursuant to Article 24 of the Administrative Complaint Review Act (Act No. 68 of 2014), dismisses a request for the review of an agency action or an agency's inaction under this Act or an Order based on this Act, it must issue an order in response to the request for review after giving the person requesting the review a reasonable amount of advance notice and after a review officer as prescribed in Article 11, paragraph (2) of that Act has heard opinions in a public forum.
- (2) When hearing opinions as referred to in the preceding paragraph, the agency must give the person requesting the review and any interested persons an opportunity to present evidence and state their opinions on the matter at issue.
- (3) The provisions of Article 31 of the Administrative Complaint Review Act do

not apply to a request for review as prescribed in paragraph (1), and paragraphs (2) to (5) of that Article apply mutatis mutandis to a hearing of opinions as referred to in paragraph (1).

(4) Beyond what is prescribed in the preceding three paragraphs, Cabinet Order prescribes the necessary particulars concerning the procedures for hearings of opinion as referred to in paragraph (1).

Articles 57 to 64 Deleted

Chapter VIII Miscellaneous Provisions

(Authority of the Fair Trade Commission)

Article 65 It is prohibited to interpret any of the provisions of this Act as eliminating, changing, or influencing the application of the Act on Prohibition of Private Monopolization and Maintenance of Fair Trade (Act No. 54 of 1947) or the authority exercised by the Fair Trade Commission based on that Act in any position whatsoever.

(Actions of Government Organizations)

Article 66 Provisions of this Act or an Order based on this Act which indicate that the permission or approval of the competent minister or any other agency action is required, do not apply, pursuant to Cabinet Order, if a government institution undertakes the action requiring that permission, approval, or other agency action.

(Conditions Attached to Permission or Approval)

Article 67 (1) The competent minister may attach conditions to permission or approval under this Act or an Order based on this Act, and may change those conditions.

(2) The conditions referred to in the preceding paragraph must represent the minimum conditions necessary for ensuring the reliable implementation of the thing that the permission or approval referred to in the preceding paragraph is for.

(On-site Inspections)

Article 68 (1) To the extent necessary for bringing this Act into effect, the competent minister may have ministry officials enter the business office, office, factory, or other facility of a person that has undertaken a transaction or other action or made or received a payment governed by this Act or of any relevant person to inspect books and documents or other objects or to question any relevant person.

- (2) When entering a facility pursuant to the preceding paragraph, an official must carry identification and present it to the relevant persons.
- (3) The authority for an on-site inspection or questioning under paragraph (1) must not be construed as having been accorded for the purpose of a criminal investigation.

(Delegation of Authority)

Article 68-2 The competent minister, pursuant to Cabinet Order, may delegate part of the authority based on this Act to the heads of local branch offices.

(Partial Delegation of Administrative Functions)

Article 69 (1) The competent minister, pursuant to Cabinet Order, may have the Bank of Japan handle some of the administrative functions connected with this Act coming into effect.

- (2) If the competent minister has the Bank of Japan handle some administrative functions pursuant to the preceding paragraph, Article 43, paragraph (1) of the Bank of Japan Act (Act No. 89 of 1997) does not apply to that part of the administrative functions.
- (3) If the competent minister has the Bank of Japan deal with some administrative functions pursuant to paragraph (1), it may be decided that the Bank of Japan will bear the expenses required to handle those functions.

Article 69-2 Deleted

(Competent Minister; Related Matters)

Article 69-3 (1) Cabinet Order prescribes which minister is the competent minister provided in this Act.

- (2) Except as otherwise specified, Cabinet Order prescribes which minister is the competent minister for the business provided in this Act, in terms of the competent minister for business involving inward direct investment or an equivalent action; for business involving specified acquisitions; or for business involving the conclusion, renewal, or modification of a technology introduction contract.

Article 69-4 (1) On finding it to be particularly necessary to do so, the competent minister set forth in one of the following items may ask the Minister of Foreign Affairs or the heads of other relevant administrative organs to provide materials or information, express opinions, or offer other necessary cooperation with regard to the operation of the provisions set forth in the relevant item:

- (i) the competent minister: Article 16, paragraph (1) or Article 25, paragraph (6);

- (ii) the Minister of Finance: Article 21, paragraph (1);
 - (iii) the Minister of Economy, Trade and Industry: Article 24, paragraph (1), Article 25, paragraphs (1) through (4); Article 48; or Article 52.
- (2) On finding that it is particularly necessary to do so in order for Japan to faithfully perform its obligations under a treaty or other international agreement to which it has acceded or in order for Japan to contribute to international efforts towards world peace, the Minister of Foreign Affairs or the head of any other relevant administrative organ may state an opinion to the competent minister prescribed in one of items (i) through (iii) with regard to the operation of the provisions set forth in that item, and on finding that it is particularly necessary to do so in order to preserve world peace and international security, the minister or head of the administrative organ may express an opinion to the competent minister prescribed in item (iv) with regard to the operation of the provisions set forth in that item:
- (i) Article 16, paragraph (1) or Article 25, paragraph (6): the competent minister;
 - (ii) Article 21, paragraph (1): the Minister of Finance;
 - (iii) Article 24, paragraph (1); Article 48, paragraph (3); or Article 52: the Minister of Economy, Trade and Industry;
 - (iv) Article 25, paragraphs (1) through (4), or Article 48, paragraph (1) or (2): the Minister of Economy, Trade and Industry.

(Transitional Measures)

Article 69-5 If an Order is enacted, amended, or repealed based on this Act, the necessary transitional measures (including transitional measures for penal provisions) may be set forth in that Order, to the extent considered reasonably necessary for the enactment, amendment, or repeal of that Order.

Chapter IX Penal Provisions

Article 69-6 (1) A person falling under one of the following items is subject to imprisonment for not more than seven years, a fine of not more than 20 million yen, or both; provided, however, that if five times the value of the subject matter of the violation exceeds 20 million yen, the fine to which the person is subject is not more than five times that value:

- (i) a person conducting a transaction as prescribed by an Order based on Article 25, paragraph (1) or paragraph (4) without getting the permission under that paragraph;
 - (ii) a person exporting goods as prescribed by an Order based on Article 48, paragraph (1) without getting the permission under that paragraph.
- (2) A person falling under one of the following items is subject to imprisonment

for not more than ten years, a fine of not more than 30 million yen, or both; provided, however, that if five times the value of the subject matter of the violation exceeds 30 million yen, the fine to which the person is subject is not more than five times that value:

- (i) a person conducting a transaction as prescribed by the Order under Article 25, paragraph (1) without getting the permission under that paragraph, in connection with specified technology that is associated with the design, manufacture, or use of a nuclear weapon; of a military chemical warfare agent, a bacterial agent, or a device for spraying one of those agents; or of a rocket or unmanned aerial vehicle capable of transporting one of these, as prescribed by Cabinet Order (hereinafter referred to as an "NBC or associated device" in this paragraph); or in connection with specified technology that Cabinet Order prescribes as technology that is associated with the design, manufacture, or use of goods that are found to be highly likely to be used to develop, manufacture, use, or store an NBC or associated device (hereinafter referred to as "development, manufacture, use, or storage" in the following item);
 - (ii) a person conducting a transaction as prescribed by the Order under Article 25, paragraph (4) without getting the permission under that paragraph, or a person undertaking an export as prescribed by the Order under Article 48, paragraph (1) without getting the permission under that paragraph, in connection with a specific kind of goods as prescribed in Article 48, paragraph (1) that Cabinet Order prescribes as being found to be highly likely to be used in connection with an NBC or associated device, or in the development, manufacture, use, or storage thereof.
- (3) Attempts at the offenses referred to in paragraph (1), item (i) and item (ii) of the preceding paragraph (limited to the part involving the export of goods) are also punishable.

Article 69-7 (1) A person falling under one of the following items is subject to imprisonment for not more than five years or a fine of not more than ten million yen, or both; provided, however, that if five times the value of the subject matter of the violation exceeds ten million yen, the fine to which the person is subject is not more than five times that value:

- (i) a person undertaking a transaction with the objective of providing specified technology, without getting permission under an Order based on Article 25, paragraph (2);
- (ii) a person undertaking an action as prescribed in Article 25, paragraph (3), item (i) without getting permission under an Order based on Article 25, paragraph (3);
- (iii) a person exporting goods without getting permission under an Order based

- on Article 48, paragraph (2);
 - (iv) a person exporting goods without getting approval under an Order based on Article 48, paragraph (3);
 - (v) a person importing goods without getting approval under an Order based on Article 52.
- (2) Attempts at the offenses referred to in item (ii) of the preceding paragraph (limited to the part that involves Article 25, paragraph (3), item (i), (a)) are also punishable.

Article 70 (1) A person falling under one of the following items is subject to imprisonment for not more than three years, a fine of not more than one million yen, or both; provided, however, that if three times the value of the subject matter of the violation exceeds one million yen, the fine to which the person is subject is not more than three times that value:

- (i) a person making or receiving a payment in violation of Article 8;
- (ii) a person undertaking a transaction or action or making or receiving a payment in violation of an Order based on Article 9, paragraph (1);
- (iii) a person making or receiving a payment without getting permission under an Order based on Article 16, paragraphs (1) through (3), or in violation of paragraph (5) of that Article;
- (iv) a person making or receiving a payment in violation of a prohibition under Article 16-2 on the making or receipt of payments, or without getting permission under an Order based on that Article;
- (v) a person engaging in business involving foreign exchange transactions in violation of a suspension or restriction under Article 17-2, paragraph (2) (including as applied *mutatis mutandis* pursuant to Article 17-3);
- (vi) a person importing or exporting a means of payment prescribed in Article 19, paragraph (1); securities; or a precious metal; without getting permission under an Order based on Article 19, paragraph (1) or (2);
- (vii) a person undertaking a capital transaction without getting permission under an Order based on Article 21, paragraph (1) or (2);
- (viii) a person undertaking a capital transaction in violation of a prohibition under Article 22, paragraph (1) on capital transactions, or without getting permission under an Order based on that paragraph;
- (ix) a person handling accounting in violation of Article 22, paragraph (2);
- (x) a person undertaking outward direct investment but failing to file a notification or falsely filing a notification under Article 23, paragraph (1);
- (xi) a person violating Article 23, paragraph (3) or (5) in undertaking outward direct investment during the period prescribed in those paragraphs;
- (xii) a person undertaking outward direct investment in violation of Article 23, paragraph (7);

- (xiii) a person undertaking outward direct investment in violation of an order to modify or discontinue under Article 23, paragraph (9);
- (xiv) a person undertaking a specified capital transaction without getting permission under an Order based on Article 24, paragraph (1) or (2);
- (xv) a person undertaking a specified capital transaction in violation of a prohibition under Article 24-2 on specified capital transactions, or without getting permission under an Order based on that Article;
- (xvi) a person undertaking an action as prescribed in Article 25, paragraph (3), item (ii) without getting permission under an Order based on Article 25, paragraph (3);
- (xvii) a person undertaking a service transaction as prescribed by an Order based on Article 25, paragraph (5) without getting permission under that paragraph;
- (xviii) a person undertaking a service transaction or a transaction involving the transfer of goods between foreign states without getting permission under an Order based on Article 25, paragraph (6);
- (xix) a person undertaking a transaction; exporting a document, picture, or storage medium containing technological information; transmitting technological information outside Japan; or exporting goods; in violation of a prohibition under Article 25-2, paragraph (1) or (2) on transactions with the objective of providing technology; on the export of a document, picture, or storage medium containing technological information; on the transmission of technological information outside Japan; or on the export of goods;
- (xx) a person undertaking a transaction or exporting goods in violation of a prohibition under Article 25-2, paragraph (3) on transactions connected with the buying and selling, leasing, or donation of goods or on the export of goods;
- (xxi) a person undertaking a service transaction or transaction involving the transfer of goods between foreign states, in violation of a prohibition under Article 25-2, paragraph (4) on service transactions or transactions involving the transfer of goods between foreign states, or without getting permission under an Order based on that paragraph;
- (xxii) a person undertaking inward direct investment or an equivalent action or undertaking a specified acquisition (including a person deemed to be a foreign investor pursuant to Article 27, paragraph (13) or Article 28, paragraph (8)) but failing to file a notification or falsely filing a notification under Article 27, paragraph (1) or Article 28, paragraph (1);
- (xxiii) a person undertaking inward direct investment or an equivalent action or a specified acquisition during the period prohibiting that undertaking as prescribed in Article 29, paragraph (5), in violation of Article 27, paragraph (2) or Article 28, paragraph (2) (including a person deemed to be a foreign

- investor pursuant to Article 27, paragraph (13) or Article 28, paragraph (8));
- (xxiv) a person undertaking inward direct investment or an equivalent action or a specified acquisition, in violation of Article 27, paragraph (8) (including as applied mutatis mutandis pursuant to Article 28, paragraph (7)) (including a person deemed to be a foreign investor pursuant to Article 27, paragraph (13) or Article 28, paragraph (8));
- (xxv) a person undertaking inward direct investment or an equivalent action or a specified acquisition, in violation of an order to modify or discontinue under Article 27, paragraph (10) (including as applied mutatis mutandis pursuant to Article 28, paragraph (7)) (including a person deemed to be a foreign investor pursuant to Article 27, paragraph (13) or Article 28, paragraph (8));
- (xxvi) a person violating an order under Article 29, paragraphs (1) through (4) (including a person deemed to be a foreign investor pursuant to Article 27, paragraph (13) or Article 28, paragraph (8));
- (xxvii) a person undertaking the conclusion, renewal, or modification of a technology introduction contract but failing to file a notification or falsely filing a notification under Article 30, paragraph (1);
- (xxviii) a person undertaking the conclusion, renewal, or modification of a technology introduction contract during the period prescribed in Article 30, paragraph (2) (if the period has been extended pursuant to paragraph (3) or (6) of that Article or shortened pursuant to paragraph (4) of that Article, the period so extended or shortened) in violation of that paragraph;
- (xxix) a person undertaking the conclusion, renewal, or modification of a technology introduction contract in violation of Article 27, paragraph (8), as applied mutatis mutandis pursuant to Article 30, paragraph (7);
- (xxx) a person undertaking the conclusion, renewal, or modification of a technology introduction contract in violation of an order to modify or discontinue under Article 27, paragraph (10), as applied mutatis mutandis pursuant to Article 30, paragraph (7);
- (xxxi) a person shipping goods in violation of an order based on Article 51;
- (xxxii) a person exporting goods; undertaking a transaction; exporting a document, picture, or storage medium containing specified information; or transmitting information; in violation of a prohibition under Article 53, paragraph (1) on the export of goods; on transactions with the objective of providing specified technology; on the export of a document, picture, or storage medium containing specified information; or on the transmission of information on specified technology;
- (xxxiii) a person importing or exporting goods in violation of a prohibition under Article 53, paragraph (2) on the import or export of goods;
- (xxxiv) a person violating an order under Article 53, paragraph (3) or (4);

(xxxv) a person violating a condition attached pursuant to Article 67, paragraph (1) to the permission referred to in Article 25, paragraph (1) or (4) or Article 48, paragraph (1);

(xxxvi) a person using deception or other wrongful means to get permission or approval under Article 25, paragraph (1); an Order based on paragraph (2) or paragraph (3) of that Article; paragraph (4) of that Article; Article 48, paragraph (1); an Order based on paragraph (2) or paragraph (3) of that Article; or an Order under Article 52.

(2) Attempts at the offenses referred to in item (xvi) of the preceding paragraph (limited to the part that involves to Article 25, paragraph (3), item (ii), (a)) are also punishable.

Article 70-2 A person violating an Order under Article 18-4 (including as applied mutatis mutandis pursuant to Article 18-5, Article 22-2, paragraph (2) or Article 22-3) is subject to imprisonment for not more than two years, a fine of not more than three million yen, or both.

Article 71 A person falling under one of the following items is subject to imprisonment for not more than six months or a fine of not more than five hundred thousand yen:

(i) a person importing or exporting a means of payment under Article 19, paragraph (1), a security, or a precious metal, but failing to file a notification or falsely filing a notification under Article 19, paragraph (3);

(ii) a person failing to file a report or falsely filing a report under Article 55, paragraph (1);

(iii) a person failing to file a report or falsely filing a report under Article 55-3, paragraph (1) or (2);

(iv) a person failing to prepare books and documents under Article 55-3, paragraph (5), failing to enter or falsely entering information as prescribed in that paragraph in the books and documents, or failing to retain those books and documents;

(v) a person failing to file a report or falsely filing a report under Article 55-4;

(vi) a person failing to file a report or falsely filing a report under Article 55-5, paragraph (1) (including a person deemed to be a foreign investor pursuant to paragraph (2) of that Article);

(vii) a person failing to file a report or falsely filing a report under Article 55-6, paragraph (1);

(viii) a person failing to file a report or falsely filing a report, in violation of an Order under Article 55-7;

(ix) a person failing to file a report or falsely filing a report, in violation of an Order under Article 55-8;

- (x) a person violating an Order under Article 55-12, paragraph (2);
- (xi) a person refusing, obstructing, or avoiding an inspection under Article 68, paragraph (1);
- (xii) a person failing to answer or falsely answering in response to a question under Article 68, paragraph (1).

Article 71-2 A person violating Article 18, paragraph (4) (including as applied mutatis mutandis pursuant to Article 18-5, Article 22-2, paragraph (2) and Article 22-3) for the purpose of concealing identifying information is subject to a fine of not more than five hundred thousand yen.

Article 72 (1) If the representative of a corporation (this includes an organization as prescribed in Article 26, paragraph (1), item (ii) or (iv); Article 27, paragraph (13); Article 28, paragraph (8); or Article 55-5, paragraph (2); hereinafter the same applies in this paragraph) or the agent, employee, or other worker of a corporation or individual violates the provisions referred to in one of the following items in connection with the business or assets of that corporation or individual, in addition to the offender being subject to punishment, the corporation is subject to the fine specified in the relevant item and the individual is subject to the fine referred to in the relevant Article:

- (i) Article 69-6, paragraph (2): a fine of not more than one billion yen (or, if five times the value of the subject matter of the violation exceeds one billion yen, a fine of not more than five times that value);
 - (ii) Article 69-6, paragraph (1): a fine of not more than 700 million yen (or, if five times the value of the subject matter of the violation exceeds 700 million yen, a fine of not more than five times that value);
 - (iii) Article 69-7: a fine of not more than 500 million yen (or, if five times the value of the subject matter of the violation exceeds 500 million yen, a fine of not more than five times that value);
 - (iv) Article 70-2: a fine of not more than 300 million yen;
 - (v) Article 70 or the preceding two Articles: the fine referred to in the relevant Article.
- (2) The period of prescription for sentencing a corporation or an individual to a fine pursuant to the preceding paragraph due to a violation referred to in Article 69-6 or Article 69-7 is governed by the period of prescription for the offense referred to in the relevant Article.
- (3) If an organization falling under a category of organization as prescribed in Article 26, paragraph (1), item (ii) or (iv); Article 27, paragraph (13); Article 28, paragraph (8); or Article 55-5, paragraph (2) is subject to punishment, its representative or administrator represents the organization in procedural acts, and laws related to criminal proceedings that have a corporation as the

defendant apply mutatis mutandis.

Article 73 A person falling under one of the following items is subject to a civil fine of not more than one hundred thousand yen; provided, however, that this does not apply if the person is subject to criminal punishment for their conduct:

- (i) a person failing to file a notification or falsely filing a notification under Article 55-3, paragraph (6);
- (ii) a person violating a condition attached pursuant to Article 67, paragraph (1).

Supplementary Provisions

Cabinet Order establishes the effective date of this Act for each of its provisions; provided, however, that this date must not be later than June 30, 1950.

Supplementary Provisions [Act No. 52 of March 31, 1950]

This Act comes into effect on the day of its promulgation.

Supplementary Provisions [Act No. 56 of March 30, 1951] [Extract]

- (1) This Act comes into effect on April 1, 1951.

Supplementary Provisions [Act No. 270 of July 31, 1952] [Extract]

- (1) This Act comes into effect on August 1, 1952.
- (4) An action by the Foreign Exchange Control Commission under the pre-amendment Foreign Exchange and Foreign Trade Control Act or under an Order based on that Act is deemed to be an action by the Minister of Finance under the corresponding provisions of the amended Foreign Exchange and Foreign Trade Control Act or under an Order based on that Act.
- (5) The filing or acceptance, before this Act comes into effect, of an application for an action by the Foreign Exchange Control Commission under the pre-amendment Foreign Exchange and Foreign Trade Control Act or under an Order based on that Act is deemed to be the filing or acceptance of an application for an action by the Minister of Finance under the corresponding provisions of the amended Foreign Exchange and Foreign Trade Control Act or under an Order based on that Act.

Supplementary Provisions [Act No. 299 of August 5, 1952] [Extract]

- (1) The effective date of this Act is the date that Cabinet Order prescribes, which is to fall within a period of no more than two months from the day of its promulgation.

Supplementary Provisions [Act No. 259 of September 1, 1953] [Extract]

- (1) This Act comes into effect on the day of its promulgation.

Supplementary Provisions [Act No. 67 of April 10, 1954] [Extract]

- (1) This Act comes into effect on the day of its promulgation.

Supplementary Provisions [Act No. 138 of June 1, 1954]

This Act comes into effect on the day of its promulgation.

Supplementary Provisions [Act No.140 of August 6, 1955] [Extract]

- (1) The effective date of this Act is the date that Cabinet Order prescribes, falling within the scope of no more than two months from the day of its promulgation.

Supplementary Provisions [Act No. 156 of May 15, 1958]

- (1) This Act comes into effect on the day of its promulgation.
- (2) Prior laws continue to govern the applicability of penal provisions to conduct in which a person engages before this Act comes into effect.

Supplementary Provisions [Act No. 140 of May 16, 1962] [Extract]

- (1) This Act comes into effect on October 1, 1962.
- (2) Unless otherwise prescribed in these Supplementary Provisions, provisions amended by this Act also apply with regard to a matter arising before this Act comes into effect; provided, however, that this does not preclude any legal effect that has arisen pursuant to provisions as before their amendment by this Act.
- (3) Prior laws continue to govern any lawsuit actually pending at the time this Act comes into effect, notwithstanding any provision amended by this Act prescribing that such a lawsuit may not be filed.
- (4) Prior laws continue to govern jurisdiction over any lawsuit actually pending

- at the time this Act comes into effect, notwithstanding any provision amended by this Act prescribing that such a lawsuit is subject to exclusive jurisdiction.
- (5) Prior laws continue to govern the statute of limitations for filing an action concerning an agency action or order, if the statute of limitations for filing such an action pursuant to provisions as before amendment by this Act is actually running at the time this Act comes into effect; provided, however, that this is limited to if the statute of limitations for filing an action under the provisions amended by this Act is shorter than as under the provisions before amendment by this Act.
 - (6) If the statute of limitations for filing a public-law-related action concerning an agency action taken or order issued before this Act comes into effect has come to be set due to amendment by this Act, it begins to run on the date on which this Act comes into effect.
 - (7) Prior laws continue to govern an action to overturn an agency action or order which is actually pending at the time this Act comes into effect, notwithstanding any provisions amended by this Act which indicate one of the parties to the legal relationship to be the defendant; provided, however, that the court, at the petition of the plaintiff, may rule to allow changing the action into a public-law-related action.
 - (8) The second sentence of Article 18 and Article 21, paragraphs (2) through (5) of the Administrative Case Litigation Act apply mutatis mutandis to a case as referred to in the proviso of the preceding paragraph.

Supplementary Provisions [Act No. 161 of September 15, 1962] [Extract]

- (1) This Act comes into effect on October 1, 1962.
- (2) Unless otherwise provided by these Supplementary Provisions, provisions amended by this Act also apply to an action by an administrative agency that is taken before this Act comes into effect, inaction by an administrative agency in connection with an application filed before this Act comes into effect, and any other matter arising before this Act comes into effect; provided, however, that this does not preclude any legal effect that has arisen pursuant to provisions before their amendment by this Act.
- (3) Even after this Act comes into effect, prior laws continue to govern a petition, request for review, objection, or other appeal (hereinafter referred to as a "petition or other appeal") filed before this Act comes into effect. The same applies to any further petition or other appeal that a person files if dissatisfied with an agency order, decision, or other action that has been taken before this act comes into effect in response to a petition or other appeal (hereinafter referred to as an "agency order or other action"), or if dissatisfied with an agency order or other action that has been taken after this Act comes into

effect in response to a petition or other appeal that the person filed before this Act comes into effect.

- (4) For the purpose of applying laws other than the Administrative Appeal Act, a petition or other appeal as prescribed in the preceding paragraph regarding an agency action against which an appeal may be filed pursuant to that Act after this Act comes into effect, is deemed to be an appeal under that Act.
- (5) It is not permissible to file an appeal under the Administrative Appeal Act against an agency order or other action on a request for review, opposition, or other appeal that is filed pursuant to paragraph (3) after this Act comes into effect.
- (6) The period during which a person may file an appeal under the Administrative Appeal Act on an action taken by an administrative agency before this Act comes into effect, against which a petition or other appeal may be filed pursuant to provisions as before their amendment by this Act and for which a statute of limitations was not established, is counted from the date on which this Act comes into effect.
- (8) Prior laws continue to govern the applicability of penal provisions to conduct in which a person engages before this Act comes into effect.
- (9) Beyond as prescribed in the preceding eight paragraphs, Cabinet Order prescribes the necessary transitional measures related to this Act coming into effect.
- (10) If both this Act and the Act Prescribing Adjustments to Related Acts to Coordinate with the Administrative Case Litigation Act Coming into Effect (Act No. 140 of 1962) contain provisions that amend the same Act, that Act is first amended by this Act and then amended by the Act Prescribing Adjustments to Related Acts to Coordinate with the Administrative Case Litigation Act Coming into Effect.

Supplementary Provisions [Act No. 33 of March 31, 1964] [Extract]

- (1) This Act comes into effect on April 1, 1964.
- (2) Prior laws continue to govern the applicability of penal provisions to conduct in which a person engages before this Act comes into effect.

Supplementary Provisions [Act No. 65 of December 18, 1979] [Extract]

(Effective Date)

Article 1 This Act comes into effect on the date that Cabinet Order prescribes, which is to fall within the scope of no more than one year from the day of its promulgation.

(Repeal of the Act on Foreign Capital and Other Laws and Regulations)

Article 2 The following laws and regulations are hereby repealed:

- (i) the Act on Foreign Capital (Act No. 163 of 1950);
- (ii) the Cabinet Order on the Acquisition of Property by Foreign Nationals (Cabinet Order No. 51 of 1949).

(Transitional Measures)

Article 3 (1) Prior laws continue to govern a transaction or action approved or permitted based on Article 31, paragraph (1); Article 32, paragraph (1); Article 34; or Article 35 of the Foreign Exchange and Foreign Trade Control Act before its amendment under this Act (hereinafter referred to as "the former Act").

(2) Even after this Act comes into effect, Article 31, paragraph (1); Article 32, paragraph (1); Article 34; and Article 35 of the former Act (and any penal provisions concerning them) remain in effect as regards a transaction or action involving an application that has been filed pursuant to any of these provisions as of the time this Act comes into effect.

Article 4 (1) If a person that has gotten the approval referred to in Article 10, Article 11, paragraph (1); Article 12, paragraph (1); or Article 13, paragraph (1) of the Act on Foreign Capital before its repeal under this Act (hereinafter referred to as "the former Foreign Capital Act") (this includes approval under these provisions when they remain in effect pursuant to the following paragraph) seeks to undertake a transaction or action that will be based on that approval after this Act comes into effect and that constitutes a transaction or action as set forth in Article 20, item (ii), (iv), or (v) or the items of Article 26, paragraph (2) (other than items (ii) and (v)) of the Foreign Exchange and Foreign Trade Control Act as amended by this Act (hereinafter referred to as "the new Act") or that constitutes a transaction or action as prescribed in Article 29, paragraph (1) of the new Act, the notification prescribed in Article 22, paragraph (1); Article 26, paragraph (3); or Article 29, paragraph (1) is deemed to have been given, the period during which transactions or actions must not be taken as prescribed in Article 23, paragraph (1); Article 26, paragraph (4); or Article 29, paragraph (3) is deemed to have passed, and the new Act (other than Article 16 and Article 21, paragraph (2)) applies.

(2) Even after this Act comes into effect, Article 10; Article 11, paragraph (1); Article 12, paragraph (1); Article 13, paragraph (1); Article 13-2; and Article 13-3 of the former Foreign Capital Act (and any penal provisions concerning them) remain in effect as regards a transaction or action connected with an application that has been filed pursuant to any of these provisions as of the time this Act comes into effect.

(3) If the date of acquisition of shares, etc. as prescribed in Article 13-2 of the

former Foreign Capital Act or the date of acquisition of consideration, etc. or the right to consideration, etc. as prescribed in Article 13-3 of the former Foreign Capital Act is before this Act comes into effect, these provisions (and any penal provisions concerning Article 13-3 of the former Foreign Capital Act) remain in effect even after this Act comes into effect.

- (4) Article 16 of the new Act does not apply to a payment to a foreign state which takes place after this Act comes into effect by a foreign investor that is determined to have been approved pursuant to Article 15, 15-2, 16, or 17 of the former Foreign Capital Act before this Act comes into effect. The same applies to a payment to a foreign state after this Act comes into effect by a person designated or confirmed pursuant to Article 13-2 or 13-3 of the former Foreign Capital Act, if these provisions remain in effect pursuant to the preceding paragraph.
- (5) Article 26, paragraph (3) of the new Act does not apply to a transfer as set forth in paragraph (2), item (ii) of that Article of a share or equity in a corporation that a person has continued to hold lawfully since before the date on which this Act comes into effect.

Article 5 (1) Prior laws continue to govern a transaction or action approved pursuant to Article 3, paragraph (1) of Cabinet Order on the Acquisition of Property by Foreign Nationals before its repeal under this Act (hereinafter referred to as "the former Property Acquisition Order").

- (2) Even after this Act comes into effect, Article 3, paragraph (1); Article 7; and Article 8 of the former Property Acquisition Order (and any penal provisions concerning them) remain in effect as regards any transaction linked to an application that has been filed pursuant to Article 3, paragraph (1) of the former Property Acquisition Order as of the time this Act comes into effect, and any confirmation or report regarding such a transaction.

Article 6 (1) Cabinet Order provides for the refunding of any outstanding balance in a foreign investor's deposit account that has been opened pursuant to Article 9-2, paragraph (1) of the former Foreign Capital Act, and prescribes any other necessary particulars.

- (2) Cabinet Order provides for the necessary particulars of conditions attached pursuant to Article 14, paragraph (1) of the former Foreign Capital Act and the modification of those conditions.

Article 7 Prior laws continue to govern an objection or request for review in the event that a person is dissatisfied with an agency action under the former Act, the former Foreign Capital Act, or the former Property Acquisition Order.

(Transitional Measures for Penal Provisions)

Article 8 Prior laws continue to govern the applicability of penal provisions to conduct in which a person engages before this Act comes into effect and to conduct in which a person engages after this Act comes into effect in connection with a transaction or action that continues to be governed by prior laws pursuant to these Supplementary Provisions.

Supplementary Provisions [Act No. 78 of December 2, 1983]

- (1) This Act (excluding Article 1) comes into effect on July 1, 1984.
- (2) Cabinet Order prescribes the necessary transitional measures in connection with an organization or similar entity that has been set in place pursuant to an Act on of the day before the date on which this Act comes into effect, which will remain in place pursuant to the National Government Organization Act or pursuant to a Cabinet Order based on one of the related Acts as amended by this Act (hereinafter referred to as a "related Cabinet Order") on and after the date on which this Act comes into effect, and also prescribes any other transitional measures necessary for the enactment, or amendment, or repeal of a related Cabinet Order in connection with this Act coming into effect.

Supplementary Provisions [Act No. 44 of May 25, 1984] [Extract]

(Effective Date)

Article 1 This Act comes into effect on the day of its promulgation; provided, however, that Articles 4 and 5 come into effect on the date that Cabinet Order prescribes, which is to fall within the scope of no more than three months from that day.

(Transitional Measures Accompanying Partial Amendment of the Foreign Exchange and Foreign Trade Control Act)

Article 3 Prior laws continue to govern the acquisition of a share, etc. under a notification that has been filed as of the time that Article 5 comes into effect, pursuant to Article 3, paragraph (1) of the Supplementary Provisions of the Foreign Exchange and Foreign Trade Control Act before its amendment by Article 5.

(Transitional Measures for Penal Provisions)

Article 4 Prior laws continue to govern the applicability of penal provisions to conduct in which a person engages before this Act comes into effect, and also continue to govern the applicability of penal provisions to conduct in which a person engages after this Act comes into effect if prior laws continue to govern

that conduct pursuant to the preceding two Articles.

Supplementary Provisions [Act No. 102 of December 24, 1985] [Extract]

(Effective Date)

Article 1 This Act comes into effect on the day of its promulgation.

(Transitional Measures Accompanying Partial Amendment of the Foreign Exchange and Foreign Trade Control Act)

Article 2 A person that, as of the time Article 5 comes into effect, has gotten or applied for permission to modify the name or location of a business office at which that person engages in foreign exchange services or currency exchange services under Article 10, paragraph (3) of the Foreign Exchange and Foreign Trade Control Act before its amendment by Article 5 (including as applied mutatis mutandis pursuant to Article 14, paragraph (2) of that Act) is deemed to have filed a notification under Article 10, paragraph (4) of the Foreign Exchange and Foreign Trade Control Act as amended by Article 5 (including as applied mutatis mutandis pursuant to Article 14, paragraph (2) of that Act).

(Transitional Measures for Penal Provisions)

Article 8 Prior laws continue to govern the applicability of penal provisions to conduct in which a person engages before this Act comes into effect (or before the provisions set forth in each of the items of Article 1 of the Supplementary Provisions come into effect), and also continue to govern the applicability of penal provisions to conduct in which a person engages after Article 11 comes into effect if prior laws continue to govern pursuant to Article 4 of the Supplementary Provisions.

Supplementary Provisions [Act No. 70 of May 27, 1986]

This Act comes into effect on the date that Cabinet Order prescribes, which is to fall within the scope of no more than nine months from the day of its promulgation.

Supplementary Provisions [Act No. 89 of September 11, 1987] [Extract]

(Effective Date)

Article 1 This Act comes into effect on the date that Cabinet Order prescribes, which is to fall within the scope of no more than two months from the day of its promulgation.

(Transitional Measures)

Article 2 A transaction for which a person has gotten permission under Article 25 of the Foreign Exchange and Foreign Trade Control Act before its amendment by this Act (hereinafter referred to as "the former Act"), and which requires permission under Article 25, paragraph (1) of the Foreign Exchange and Foreign Trade Control Act as amended by this Act (hereinafter referred to as "the new Act"), under an Order based on paragraph (2) of that Article, or under paragraph (3) of that Article, is deemed to be one for which a person has gotten permission under paragraph (1) of that Article, under an Order based on paragraph (2) of that Article, or under paragraph (3) of that Article.

Article 3 An export of goods for which a person has gotten approval under an Order under Article 48, paragraph (1) of the former Act, and which requires permission under Article 48, paragraph (1) of the new Act, permission under an Order based on paragraph (2) of that Article, or approval under an Order based on paragraph (3) of that Article, is deemed to be an export for which a person has gotten permission under paragraph (1) of that Article, permission under an Order based on paragraph (2) of that Article, or approval under an Order based on paragraph (3) of that Article.

Article 4 An application for permission under Article 25 of the former Act which has been filed as of the time this Act comes into effect and which concerns a transaction that requires permission under Article 25, paragraph (1) of the new Act, under an Order based on paragraph (2) of that Article, or under paragraph (3) of that Article, is deemed to be an application for permission under paragraph (1) of that Article, under an Order based on paragraph (2) of that Article, or under paragraph (3) of that Article.

Article 5 An application for approval under an Order based on Article 48, paragraph (1) of the former Act which has been filed as of the time this Act comes into effect and which concerns the export of goods requiring permission under Article 48, paragraph (1) of the new Act, permission under an Order based on paragraph (2) of that Article, or approval under an Order based on paragraph (3) of that Article, is deemed to be an application for permission under paragraph (1) of that Article or under an Order based on paragraph (2) of that Article, or an application for approval under an Order based on paragraph (3) of that Article.

Article 6 A prohibition on importing or exporting issued by the Minister of International Trade and Industry pursuant to Article 53 of the former Act before this Act comes into effect is deemed to be an agency action taken by the

Minister of International Trade and Industry pursuant to Article 53, paragraph (2) of the new Act.

Article 7 Prior laws continue to govern a prohibition on importing or exporting issued against a person that, before this Act comes into effect, has violated the former Act, an Order based on the former Act, or an agency action based on either of these in connection the importing or exporting of goods.

Article 8 Prior laws continue to govern the applicability of penal provisions to conduct in which a person engages before this Act comes into effect, and also continue to govern the applicability of penal provisions to conduct in which a person engages after this Act comes into effect if prior laws continue to govern pursuant to the preceding Article.

Article 9 Beyond what is prescribed in Articles 2 through 8 of the Supplementary Provisions, Cabinet Order prescribes the necessary transitional measures related to this Act coming into effect.

Supplementary Provisions [Act No. 75 of May 31, 1988] [Extract]

(Effective Date)

Article 1 This Act comes into effect on the date that Cabinet Order prescribes, which is to fall within the scope of no more than six months from the day of its promulgation.

(Transitional Measures for Penal Provisions)

Article 42 Prior laws continue to govern the applicability of penal provisions to conduct in which a person engages before the effective date, and to conduct in which a person engages after the effective date in connection with a matter that continues to be governed by prior laws pursuant to these Supplementary Provisions.

(Delegation of Other Transitional Measures to Cabinet Order)

Article 43 Beyond as provided in the Supplementary Provisions, Cabinet Order prescribes the necessary transitional measures related to this Act coming into effect.

Supplementary Provisions [Act No. 77 of May 31, 1988] [Extract]

(Effective Date)

Article 1 This Act comes into effect on the date that Cabinet Order prescribes,

which is to fall within the scope of no more than one year from the day of its promulgation.

Supplementary Provisions [Act No. 40 of April 26, 1991] [Extract]

(Effective Date)

Article 1 This Act comes into effect on the date that Cabinet Order prescribes, which is to fall within the scope of no more than nine months from the day of its promulgation.

(Transitional Measures)

Article 2 (1) Except as prescribed in paragraph (3) of the following Article, prior laws continue to govern inward direct investment or an equivalent action under a notification that has been filed before this Act comes into effect (hereinafter referred to as "the effective date") pursuant to Article 26, paragraph (3) of the Foreign Exchange and Foreign Trade Control Act before its amendment by this Act (hereinafter referred to as "the former Act") (hereinafter referred to as "inward direct investment or an equivalent action for which a notification under the former Act has been filed"), if the period during which that inward direct investment or equivalent action must not be undertaken as prescribed in paragraph (4) of that Article (or the extended period, if this has been extended pursuant to Article 27, paragraph (1) or (3) of the former Act) has passed prior to the effective date.

(2) Except as prescribed in Article 4, paragraph (4) of the Supplementary Provisions, prior laws continue to govern the conclusion, renewal, or modification of a technology introduction contract for which a notification has been filed before the effective date pursuant to Article 29, paragraph (1) of the former Act (hereinafter referred to as the "conclusion, renewal, or modification of a technology introduction contract for which a notification under the former Act has been filed") if the period during which the conclusion, renewal, or modification of a technology introduction contract must not be undertaken as prescribed in paragraph (3) of that Article (or the extended period, if this has been extended pursuant to Article 30, paragraph (1) or (3) of the former Act) has passed prior to the effective date.

Article 3 (1) If inward direct investment or an equivalent action for which a notification under the former Act has been filed but for which the period during which inward direct investment or an equivalent action must not be undertaken as prescribed in Article 26, paragraph (4) of the former Act has not yet passed as of the time this Act comes into effect, falls under the category of inward direct investment or an equivalent action that must be reported

pursuant to Article 26, paragraph (3) of the Foreign Exchange and Foreign Trade Control Act as amended by this Act (hereinafter referred to as "the new Act"), the period during which it must not be undertaken is deemed to have passed on the day before the effective date, and the foreign investor filing the notification may undertake the inward direct investment or equivalent action on or after the effective date. In such a case, the notification is deemed to be a report filed pursuant to the main clause of that paragraph on the day that the inward direct investment or equivalent action is undertaken.

- (2) Except as prescribed in the following paragraph, if inward direct investment or an equivalent action for which a notification under the former Act has been filed but for which the period during which inward direct investment or an equivalent action must not be undertaken as prescribed in Article 26, paragraph (4) of the former Act has not yet passed at the time this Act comes into effect, falls under the category of inward direct investment or an equivalent action for which a notification must be filed pursuant to Article 27, paragraph (1) of the new Act, a notification under that paragraph is deemed to have been filed on the date that the notification in question was filed, and the new Act applies; and as regards inward direct investment or an equivalent action for which a notification under the former Act has been filed but for which the period during which inward direct investment or an equivalent action must not be undertaken has been extended pursuant to Article 27, paragraph (1) or (3) of the former Act and has not yet passed as of the time this Act comes into effect, a notification under Article 27, paragraph (1) of the new Act is deemed to have been filed on the date on which the notification in question was filed, the period during which inward direct investment or an equivalent action must not be undertaken is deemed to have been extended pursuant to paragraph (3) or (6) of that Article, and the new Act applies.
- (3) Prior laws continue to govern inward direct investment or an equivalent action regarding which a recommendation under Article 27, paragraph (2) of the former Act, a notice under paragraph (4) of that Article, or an order under paragraph (7) of that Article has been issued prior to the effective date.

Article 4 (1) If the conclusion, renewal, or modification of a technology introduction contract for which a notification under the former Act has been filed (but only one that a resident has filed a notification for; the same applies in the following paragraph) but for which the period during which the conclusion, renewal, or modification of a technology introduction contract must not be undertaken as prescribed in Article 29, paragraph (3) of the former Act has not yet passed at the time this Act comes into effect, falls under the category of the conclusion, renewal, or modification of a technology introduction contract that must be reported pursuant to Article 29 of the new

Act, that period is deemed to have passed on the day before the effective date, and the resident filing the notification may undertake the conclusion, renewal, or modification of the technology introduction contract on or after the effective date. In such a case, the notification filed by the resident is deemed to be a report filed pursuant to the main clause of that Article on the date of the conclusion, renewal, or modification of the technology introduction contract.

- (2) Except as prescribed in paragraph (4), if the conclusion, renewal, or modification of a technology introduction contract for which a notification under the former Act has been filed but for which the period during which the conclusion, renewal, or modification of a technology introduction contract must not be undertaken as prescribed in Article 29, paragraph (3) of the former Act has not yet passed as of the time this Act comes into effect, falls under the category of the conclusion, renewal, or modification of a technology introduction contract for which a notification must be filed pursuant to Article 30, paragraph (1) of the new Act, a notification under that paragraph is deemed to have been filed on the date that the relevant notification was filed, and the new Act applies; and with regard to the conclusion, renewal, or modification of a technology introduction contract for which a notification under the former Act has been filed but for which the period during which the conclusion, renewal, or modification of a technology introduction contract must not be undertaken has been extended pursuant to Article 30, paragraph (1) or (3) of the former Act and has not yet passed as of the time this Act comes into effect, a notification under Article 30, paragraph (1) of the new Act is deemed to have been filed on the date of that the notification in question was filed, the period during which the conclusion, renewal, or modification of a technology introduction contract must not be undertaken is deemed to have been extended pursuant to paragraph (3) or (6) of that Article, and the new Act applies.
- (3) Except as prescribed in the following paragraph, as regards the conclusion, renewal, or modification of a technology introduction contract for which a notification under the former Act has been filed (but only one that a non-resident has filed a notification for) but for which the period during which the conclusion, renewal, or modification of a technology introduction contract must not be undertaken as prescribed in Article 29, paragraph (3) of the former Act (or the extended period, if this has been extended pursuant to Article 30, paragraph (1) or (3) of the former Act) has not yet passed as of the time this Act comes into effect, this period is deemed to have passed on the day before the effective date, and the non-resident that filed the notification may undertake the conclusion, renewal, or modification of the technology introduction contract on or after the effective date.
- (4) Prior laws continue to govern the conclusion, renewal, or modification of a technology introduction contract for which a recommendation under Article 30,

paragraph (2) of the former Act; a notice under Article 27, paragraph (4) of the former Act as applied mutatis mutandis pursuant to Article 30, paragraph (4); or an order under Article 27, paragraph (7) of the former Act as applied mutatis mutandis pursuant to Article 30, paragraph (4) of the former Act has been issued before the effective date.

(Transitional Measures for Penal Provisions)

Article 5 Prior laws continue to govern the applicability of penal provisions to conduct in which a person engages before this Act comes into effect, and also continue to govern the applicability of penal provisions to conduct in which a person engages after this Act comes into effect in connection with a transaction or action that continues to be governed by prior laws pursuant to these Supplementary Provisions.

Supplementary Provisions [Act No. 79 of May 21, 1991] [Extract]

(Effective Date)

Article 1 This Act comes into effect on the day of its promulgation; provided, however, that the provisions set forth in one of the following items come into effect on the day prescribed in that item:

(v) Articles 6 through 21; Article 25; and Article 34; as well as Articles 8 through 13 of the Supplementary Provisions: the date that Cabinet Order prescribes, which is to fall within the scope of no more than one year from the day of its promulgation;

(Other Transitional Measures for Agency Actions, Applications, and Comparable Undertakings)

Article 6 Except as prescribed in Articles 2 through the preceding Article of the Supplementary Provisions and as prescribed by provisions on transitional measures in each of the amended Acts (and in any Order based on one of these), to apply the amended Acts on and after the day on which this Act comes into effect; if an agency action such as permission, or any other such undertaking (hereinafter referred to as an "agency action or comparable undertaking" in this Article), that has been effected pursuant to one of the pre-amendment Acts before this Act comes into effect (or before the provisions set forth in the items of Article 1 of the Supplementary Provisions; hereinafter the same applies in this and the following article); or the filing of an application for something such as permission, or any other such undertaking (hereinafter referred to as the "filing of an application or a comparable undertaking" in this Article), that has been effected pursuant to one of the pre-amendment Acts as of the time this Act comes into effect; involves an administrative function that a different

person will become responsible for undertaking on the day on which this Act comes into effect; it is deemed to be an agency action or comparable undertaking or the filing of an application or a comparable undertaking that has been effected pursuant to the corresponding provisions of the relevant amended Act.

(Transitional Measures for Penal Provisions)

Article 7 Prior laws continue to govern the applicability of penal provisions to conduct in which a person engages before this Act comes into effect, and also continue to govern the applicability of penal provisions to conduct in which a person engages after Article 4 comes into effect if prior laws continue to govern pursuant to Article 2, paragraph (1) of the Supplementary Provisions.

Supplementary Provisions [Act No. 89 of November 12, 1993] [Extract]

(Effective Date)

Article 1 This Act comes into effect on the effective date of the Administrative Procedure Act (Act No. 88 of 1993).

(Transitional Measures for Adverse Agency Actions Under Consultation)

Article 2 Notwithstanding the provisions of the relevant Acts after their amendment by this Act, if, before this Act comes into effect, a request for consultation or other such request has been filed pursuant to laws and regulations with a council or with an organization that uses a council system, with regard to the necessity of instituting proceedings equivalent to the hearing proceedings, proceedings for granting an opportunity for explanation, or any other proceedings for hearing statements of opinion as prescribed in Article 13 of the Administrative Procedure Act, prior laws continue to govern the proceedings for adverse agency actions connected with that request for consultation or other request.

(Transitional Measures for Penal Provisions)

Article 13 Prior laws continue to govern the applicability of penal provisions to conduct in which a person engages before this Act comes into effect.

(Transitional Measures Accompanying the Adjustment of Provisions on Hearings)

Article 14 A hearing or hearing meeting held pursuant to the provisions of an Act before this Act comes into effect (excluding with regard to an adverse agency action) and any procedure associated with it is deemed to have been undertaken pursuant to the corresponding provisions of the relevant Act as

amended by this Act.

(Delegation to Cabinet Order)

Article 15 Beyond as prescribed in Articles 2 through 14 of the Supplementary Provisions, Cabinet Order prescribes the necessary transitional measures related to this Act coming into effect.

Supplementary Provisions [Act No. 59 of May 23, 1997] [Extract]

(Effective Date)

Article 1 This Act comes into effect on April 1, 1998.

(Transitional Measures)

Article 2 (1) Except as prescribed by Cabinet Order, if the making or receipt of a payment that is permitted pursuant to the provisions of an Order based on Article 16, paragraph (1) or (2) of the Foreign Exchange and Foreign Trade Control Act before its amendment by this Act (hereinafter referred to as "the former Act") falls under the category of the making or receipt of a payment for which persons have been placed under the obligation to get permission pursuant to an Order based on Article 16, paragraphs (1) through (3) of the Foreign Exchange and Foreign Trade Act as amended by this Act (hereinafter referred to as "the new Act"), the making or receipt of that payment is deemed to have been permitted pursuant to the corresponding provisions of that Order.

(2) If the making or receipt of a payment for which an application for permission under an Order based on Article 16, paragraph (1) or (2) of the former Act has been filed as of the time this Act comes into effect constitutes the making or receipt of a payment for which persons have been placed under the obligation to get permission pursuant to an Order based on Article 16, paragraphs (1) through (3) of the new Act, this is deemed to be an application for permission that has been filed pursuant to the corresponding provisions of the relevant Order, and the new Act applies.

Article 3 (1) Except as prescribed by Cabinet Order, if a capital transaction permitted pursuant to Article 21, paragraph (1) of the former Act; an Order based on paragraph (2) of that Article; Article 24, paragraph (1) of the former Act; or Article 25, paragraph (3) of the former Act (meaning a capital transaction as prescribed in Article 20 of the former Act; the same applies hereinafter); or a transaction as prescribed in that paragraph constitutes a transaction for which persons have been placed under the obligation to get permission pursuant to an Order based on Article 21, paragraph (1) or (2); Article 24, paragraph (1) or (2); or Article 25, paragraph (4) of the new Act,

that capital transaction or transaction is deemed to have been permitted pursuant to the corresponding provisions of that Order.

- (2) If either a capital transaction for which an application for permission under Article 21, paragraph (1) of the former Act; an Order under paragraph (2) of that Article; Article 24, paragraph (1) of the former Act; or Article 25, paragraph (3) of the former Act has been filed as of the time this Act comes into effect; or a transaction as prescribed in that paragraph constitutes a capital transaction or transaction for which persons have been placed under the obligation to get permission pursuant to an Order based on Article 21, paragraph (1) or (2); Article 24, paragraph (1) or (2); or Article 25, paragraph (4) of the new Act, this is deemed to be an application for permission that has been filed pursuant to the corresponding provisions of the relevant Order, and the new Act applies.

Article 4 (1) If a capital transaction for which a notification under Article 22, paragraph (1) of the former Act has been filed prior to the date on which this Act comes into effect (hereinafter referred to as the "effective date"), but that has not yet been conducted as of the time this Act comes into effect (but only a capital transaction to which Article 23, paragraph (1) of the former Act applies; hereinafter referred to as a "capital transaction subject to advance examination under the former Act" in this and the following Article), falls under the category of outward direct investment for which a notification must be filed pursuant to an Order based on Article 23, paragraph (1) of the new Act (referred to as "outward direct investment subject to advance examination under the new Act" in the following paragraph); and if it also constitutes a capital transaction for which the period during which Article 23, paragraph (1) of the former Act prescribes that capital transactions must not be conducted has passed prior to the effective date; a capital transaction under a recommendation as prescribed in Article 23, paragraph (5) of the former Act (but only a recommendation for the person to modify its substance as prescribed in paragraph (2) of that Article) with regard to which the person has notified the relevant minister of compliance prior to the effective date; or a capital transaction whose substance the person has been ordered to modify pursuant to paragraph (7) of that Article (referred to as a "capital transaction for which notification procedures have been completed" in the following paragraph and the following Article) prior to the effective date; the capital transaction subject to advance examination under the former Act is deemed to be a capital transaction for which the period during which Article 23, paragraph (3) of the new Act prescribes that outward direct investment must not be undertaken has passed; a capital transaction under a recommendation as prescribed in paragraph (7) of that Article (but only a recommendation for

the person to modify its substance as prescribed in paragraph (4) of that Article) with regard to which the person has notified the relevant minister of compliance; or a capital transaction whose substance the person has been ordered to modify pursuant to paragraph (9) of that Article.

- (2) If a capital transaction subject to advance examination under the former Act falls under the category of outward direct investment subject to advance examination under the new Act but does not constitute a capital transaction for which notification procedures have been completed, the notification with respect to the capital transaction subject to advance examination under the former Act is deemed to be filed pursuant to Article 23, paragraph (1) of the new Act on the date that it is filed, and the new Act applies. In such a case, a recommendation under Article 23, paragraph (2) of the former Act or a notice under paragraph (4) of that Act (other than one in which the person notifies the minister of compliance with a recommendation as prescribed in paragraph (5) of that Article) with regard to the capital transaction subject to advance examination under the former Act is deemed to be a recommendation under Article 23, paragraph (4) of the new Act or a notice under paragraph (6) of that Article.

Article 5 (1) Except as prescribed by Cabinet Order, if a capital transaction subject to advance examination under the former Act falls under the category of a capital transaction for which persons have been placed under the obligation to get permission pursuant to an Order under Article 21, paragraph (1) or (2) of the new Act (referred to as a "capital transaction subject to permission under the new Act" in the following paragraph) and also constitutes a capital transaction for which notification procedures have been completed, the capital transaction subject to advance examination under the former Act (meaning the modified transaction, if the person has notified the minister of compliance with a modification of its substance as prescribed in Article 23, paragraph (5) of the former Act or if the person has been ordered to change its substance pursuant to paragraph (7) of that Article) is deemed to have been permitted pursuant to an Order under Article 21, paragraph (1) or (2) of the new Act.

- (2) If a capital transaction subject to advance examination under the former Act falls under the category of a capital transaction subject to permission under the new Act, but does not constitute a capital transaction for which notification procedures have been completed, a notification filed pursuant to Article 22, paragraph (1) of the former Act regarding the capital transaction subject to advance examination under the former Act is deemed to be an application for permission pursuant to an Order under Article 21, paragraph (1) or (2) of the new Act, and the new Act applies. In such a case, a recommendation under

Article 23, paragraph (2) of the former Act or a notice under paragraph (4) of that Article (other than one in which the person notifies the minister of compliance with a recommendation as prescribed in paragraph (5) of that Article) is deemed not to have been made with regard to that capital transaction subject to advance examination under the former Act.

(3) The preceding two paragraphs apply mutatis mutandis if a capital transaction for which a notification has been filed pursuant to Article 24, paragraph (2) of the former Act before the effective date, but which has not yet been conducted as of the time this Act comes into effect, falls under the category of a specified capital transaction as prescribed in Article 24, paragraph (1) of the new Act for which persons have been placed under the obligation to get permission pursuant to an Order under paragraph (1) or (2) of that Article.

Article 6 A special international financial transactions account established pursuant to Article 22, paragraph (2) of the former Act is deemed to be a special international financial transactions account as prescribed in Article 21, paragraph (3) of the new Act.

Article 7 (1) Prior laws continue to govern the filing of reports under Article 15 of the former Act regarding business to which the former Act is applicable and which has been conducted by a certified foreign exchange bank or currency exchanger as prescribed in Article 15 of the former Act prior to the effective date.

(2) Prior laws continue to govern the filing of reports for information that must be reported pursuant to Article 26, paragraph (3) or Article 29 of the former Act or an Order under Article 67 of the former Act.

(Transitional Measures for Penal Provisions)

Article 8 Prior laws continue to govern the applicability of penal provisions to conduct in which a person engages before this Act comes into effect, and also continue to govern the applicability of penal provisions to conduct in which a person engages after this Act comes into effect in connection with a matter that continues to be governed by prior laws pursuant to these Supplementary Provisions.

(Delegation of Other Transitional Measures to Cabinet Order)

Article 9 Beyond as prescribed in Articles 2 through 8 of the Supplementary Provisions, Cabinet Order prescribes the necessary transitional measures related to this Act coming into effect.

Supplementary Provisions [Act No. 89 of June 18, 1997] [Extract]

(Effective Date)

Article 1 This Act comes into effect on April 1, 1998.

Supplementary Provisions [Act No. 107 of June 15, 1998] [Extract]

(Effective Date)

Article 1 This Act comes into effect on December 1, 1998; provided, however, that the provisions set forth in one of the following items come into effect on the date prescribed in that item:

- (i) the provisions of Article 1 adding one chapter after Chapter 4 of the Securities and Exchange Act (but only the part that involves Article 79-29, paragraph (1)) and amending Article 189, paragraphs (2) and (4) of that Act; Article 21; the provisions of Article 22 amending Part II, Chapter 10, Section 2, Subsection 1 of the Insurance Business Act (but only the part that involves Article 265-6); Article 23; and Article 25; as well as Articles 40, 42, 58, 136, 140, 143, 147, 149, 158, 164, 187 (other than the provisions amending Article 4, item (lxxix) of the Act for Establishment of the Ministry of Finance (Act No. 144 of 1949)), and Articles 188 through 190 of the Supplementary Provisions: July 1, 1998;

(Effect of Agency Actions, Procedures, and Other Actions)

Article 188 Except as otherwise provided in these Supplementary Provisions, an agency action, procedure, or other action undertaken pursuant to one of the pre-amendment Acts (including an Order based on one of those Acts; hereinafter the same applies in this Article) before this Act comes into effect (or before the provisions set forth in the items of Article 1 of the Supplementary Provisions come into effect), for which there are corresponding provisions in the relevant Act after its amendment, is deemed to have been undertaken pursuant to the corresponding provisions of the amended Act.

(Transitional Measures for Applying Penal Provisions)

Article 189 Prior laws continue to govern the applicability of penal provisions to conduct in which a person engages before this Act comes into effect (or before the provisions set forth in the items of Article 1 of the Supplementary Provisions come into effect), and also continue to govern the applicability of penal provisions to conduct in which a person engages after this Act comes into effect if prior laws continue to govern pursuant to these Supplementary Provisions or if prior laws remain in effect pursuant to these Supplementary Provisions.

(Delegation of Other Transitional Measures to Cabinet Order)

Article 190 Beyond as prescribed in Articles 2 through 146 and Articles 153, 169, and 189 of the Supplementary Provisions, Cabinet Order prescribes the necessary transitional measures related to this Act coming into effect.

(Reviews)

Article 191 (1) On finding it to be necessary to do so in consideration of the implementation status of systems of special measures and other arrangements to protect policyholders and others under the new Insurance Business Act, the extent of soundness in the management of insurance companies, and other factors, the government, even after this Act comes into effect, is to take the necessary measures to help maintain credibility in the insurance business.

(2) Beyond as prescribed in the preceding paragraph, the government, within five years after this Act comes into effect, is to review the financial systems after they are amended by this Act, taking into account the implementation status of provisions amended by this Act, changes in the socioeconomic conditions surrounding the financial system, and other factors, and is to take the needed measures based on the results of its review if it finds this to be necessary.

Supplementary Provisions [Act No. 102 of July 16, 1999] [Extract]

(Effective Date)

Article 1 This Act comes into effect on the effective date of the Act Partially Amending the Cabinet Act (Act No. 88 of 1999); provided, however, that the provisions referred to in one of the following items come into effect on the date prescribed in that item:

(ii) Article 10, paragraphs (1) and (5); Article 14, paragraph (3); Article 23; Article 28; and Article 30 of the Supplementary Provisions: the day of its promulgation;

(Succession of Status as an Official)

Article 3 Unless a letter of appointment is separately issued, a person that, as of the time this Act comes into effect, is the official of the former Prime Minister's Office; Ministry of Justice; Ministry of Foreign Affairs; Ministry of Finance; Ministry of Education; Ministry of Health and Welfare; Ministry of Agriculture, Forestry and Fisheries; Ministry of International Trade and Industry; Ministry of Transport; Ministry of Posts and Telecommunications; Ministry of Labour; Ministry of Construction; or Ministry of Home Affairs (hereinafter referred to as a "former office or ministry" in this Article) (other than the president, chairperson, or member of a council, etc. as referred to in Article 8 of the

National Administrative Organization Act (Act No. 120 of 1948); the member of the Central Disaster Prevention Council; the chairperson or member of the Japanese Industrial Standards Committee; and anyone that Cabinet Order prescribes as similar thereto) becomes an equivalent official of the Cabinet Office; Ministry of Internal Affairs and Communications; Ministry of Justice; Ministry of Foreign Affairs; Ministry of Finance; Ministry of Education, Culture, Sports, Science and Technology; Ministry of Health, Labour and Welfare; Ministry of Agriculture, Forestry and Fisheries; Ministry of Economy, Trade and Industry; Ministry of Land, Infrastructure, Transport and Tourism; or Ministry of the Environment after this Act comes into effect (hereinafter referred to as a "new office or ministry" in this Article) or of a department or organization thereunder, which Cabinet Order prescribes as the new office or ministry or department or organization thereunder corresponding to the former office or ministry or department or organization thereunder to which the official belongs as of the time this Act comes into effect.

(Transitional Measures Separately Prescribed)

Article 30 Beyond as prescribed in Articles 2 through 29, a separate Act provides for the necessary transitional measures associated with this Act coming into effect.

Supplementary Provisions [Act No. 160 of December 22, 1999] [Extract]

(Effective Date)

Article 1 This Act (excluding Articles 2 and 3) comes into effect on January 6, 2001.

Supplementary Provisions [Act No. 96 of May 31, 2000] [Extract]

(Effective Date)

Article 1 This Act comes into effect on December 1, 2000 (hereinafter referred to as "the effective date").

(Effect of Agency Actions, Procedures, and Other Actions)

Article 49 Except as otherwise provided in these Supplementary Provisions, an agency action, procedure, or other action undertaken pursuant to one of the pre-amendment Acts before this Act comes into effect (or before the provisions set forth in the items of Article 1 of the Supplementary Provisions come into effect), for which there are corresponding provisions in the relevant Act after its amendment, is deemed to have been undertaken pursuant to the corresponding provisions of the amended Act.

(Transitional Measures for Applying Penal Provisions)

Article 50 Prior laws continue to govern the applicability of penal provisions to conduct in which a person engages before this Act comes into effect.

(Delegation of Other Transitional Measures to Cabinet Order)

Article 51 Beyond as prescribed in Articles 2 through 11 and Article 50 of the Supplementary Provisions, Cabinet Order prescribes the transitional measures that will be necessary at the time this Act comes into effect.

(Reviews)

Article 52 Once five years have passed after this Act's coming into effect, the government is to review the systems of securities exchanges as prescribed in Article 2, paragraph (16) of the new Securities and Exchange Act and financial futures exchanges as prescribed in Article 2, paragraph (6) of the new Financial Futures Trading Act, taking into account the implementation status of the new Securities and Exchange Act and the new Financial Futures Trading Act, changes in socioeconomic conditions, and other factors, and is to take the needed measures based on the results of its review, if it finds this to be necessary.

Supplementary Provisions [Act No. 129 of November 28, 2001] [Extract]

(Effective Date)

(1) This Act is to come into effect on April 1, 2002.

(Transitional Measures for Applying Penal Provisions)

(2) Prior laws continue to govern the applicability of penal provisions to conduct in which a person engages before this Act comes into effect, and also continue to govern the applicability of penal provisions to conduct in which a person engages after this Act comes into effect if, pursuant to this Act, prior laws continue to govern that conduct.

Supplementary Provisions [Act No. 34 of May 7, 2002]

(Effective Date)

Article 1 This Act comes into effect on the date that Cabinet Order prescribes, which is to fall within the scope of no more than nine months from the day of its promulgation; provided, however, that the provisions amending Article 69-4 come into effect on the day of its promulgation.

(Transitional Provisions for Penal Provisions)

Article 2 Prior laws continue to govern the applicability of penal provisions to conduct in which a person engages before this Act comes into effect.

(Delegation of Other Transitional Measures to Cabinet Order)

Article 3 Beyond what is prescribed in the preceding Article, Cabinet Order prescribes the necessary transitional measures related to this Act coming into effect.

Supplementary Provisions [Act No. 65 of June 12, 2002] [Extract]

(Effective Date)

Article 1 This Act comes into effect on January 6, 2003.

(Transitional Measures for Applying Penal Provisions)

Article 84 Prior laws continue to govern the applicability of penal provisions to conduct in which a person engages before this Act comes into effect (or before the provisions set forth in the items of Article 1 of the Supplementary Provisions come into effect; hereinafter the same applies in this Article), and also continue to govern the applicability of penal provisions to conduct in which a person engages after this Act comes into effect if prior laws continue to govern pursuant to these Supplementary Provisions.

(Delegation of Other Transitional Measures to Cabinet Order)

Article 85 Beyond what is prescribed in the Supplementary Provisions, Cabinet Order prescribes the necessary transitional measures related to this Act coming into effect.

(Reviews)

Article 86 Once five years have passed after this Act's coming into effect, the government is to review the system for protective trusts as prescribed in Article 2, paragraph (11) of the new Act on the Transfer of Corporate Bonds, etc., clearing agencies for securities transactions prescribed in Article 2, paragraph (31) of the new Securities and Exchange Act, and clearing agencies for financial futures prescribed in Article 2, paragraph (15) of the new Financial Futures Trading Act, taking into account the implementation status of the new Act on the Transfer of Corporate Bonds, etc., the new Securities and Exchange Act, and the new Financial Futures Trading Act, changes in socioeconomic conditions, and other factors, and is to take the needed measures based on the results of its review, if it finds this to be necessary.

Supplementary Provisions [Act No. 98 of July 31, 2002] [Extract]

(Effective Date)

Article 1 This Act comes into effect on the effective date of the Public Corporation Act; provided, however, that the provisions set forth in one of the following items come into effect on the date prescribed in that item:

(i) Chapter 1, Section 1 (including appended tables 1 through 4); and Article 28, paragraph (2); Article 33, paragraphs (2) and (3); and Article 39 of the Supplementary Provisions: the day of its promulgation;

(Transitional Measures for Penal Provisions)

Article 38 Prior laws continue to govern the applicability of penal provisions to conduct in which a person engages before this Act comes into effect, and also continue to govern the applicability of penal provisions to conduct in which a person engages after this Act comes into effect if prior laws continue to govern pursuant to this Act or if prior laws remain in effect pursuant to these Supplementary Provisions.

(Delegation of Other Transitional Measures to Cabinet Order)

Article 39 Beyond as provided in this Act, Cabinet Order prescribes the necessary transitional measures related to the Public Corporation Act and this Act coming into effect (including transitional measures for penal provisions).

Supplementary Provisions [Act No. 152 of December 13, 2002] [Extract]

(Effective Date)

Article 1 This Act comes into effect on the effective date of the Act on the Utilization of Information and Communications Technology in Administrative Processes (Act No. 151 of 2002).

(Transitional Measures for Penal Provisions)

Article 4 Prior laws continue to govern the applicability of penal provisions to conduct in which a person engages before this Act comes into effect.

(Delegation of Other Transitional Measures to Cabinet Order)

Article 5 Beyond as prescribed in the preceding three Articles, Cabinet Order prescribes the necessary transitional measures related to this Act coming into effect.

Supplementary Provisions [Act No. 54 of May 30, 2003] [Extract]

(Effective Date)

Article 1 This Act comes into effect on April 1, 2004.

(Transitional Measures for Applying Penal Provisions)

Article 38 Prior laws continue to govern the applicability of penal provisions to conduct in which a person engages before this Act comes into effect.

(Delegation of Other Transitional Measures to Cabinet Order)

Article 39 Beyond as provided for in this Act, Cabinet Order prescribes the necessary transitional measures associated with this Act coming into effect.

(Reviews)

Article 40 Once five years have passed after this Act comes into effect, the government is to review the financial systems as amended by this Act, taking into account the implementation status of provisions amended by this Act, changes in socioeconomic conditions, and other factors, and is to take the needed measures based on the results of its review, if it finds this to be necessary.

Supplementary Provisions [Act No. 1 of February 16, 2004]

This Act comes into force on the day following the final day in the ten-day period that begins on the day of its promulgation.

Supplementary Provisions [Act No. 154 of December 3, 2004] [Extract]

(Effective Date)

Article 1 This Act comes into effect on the date that Cabinet Order prescribes, which is to fall within the scope of no more than six months from the day of its promulgation (hereinafter referred to as "the effective date").

(Effect of Agency Actions, Procedures, and Other Actions)

Article 121 Except as otherwise provided in these Supplementary Provisions, an agency action, procedure, or other action undertaken pursuant to one of the pre-amendment Acts (including an Order based on one of those Acts; hereinafter the same applies in this Article) before this Act comes into effect, for which there are corresponding provisions in the relevant Act after its amendment, is deemed to have been undertaken pursuant to the corresponding provisions of the amended Act.

(Transitional Measures for Penal Provisions)

Article 122 Prior laws continue to govern the applicability of penal provisions to conduct in which a person engages before this Act comes into effect, and also continue to govern the applicability of penal provisions to conduct in which a person engages after this Act comes into effect if prior laws continue to govern pursuant to these Supplementary Provisions or if prior laws remain in force pursuant to these Supplementary Provisions.

(Delegation of Other Transitional Measures to Cabinet Order)

Article 123 Beyond as provided in these Supplementary Provisions, Cabinet Order prescribes the necessary transitional measures associated with this Act coming into effect.

(Reviews)

Article 124 The government is to review the implementation status of this Act within three years after this Act comes into effect, and is to take the needed measures based on the results of its review, if it finds this to be necessary.

Supplementary Provisions [Act No. 159 of December 8, 2004] [Extract]

(Effective Date)

Article 1 This Act comes into effect on July 1, 2005.

Supplementary Provisions [Act No. 87 of July 26, 2005] [Extract]

This Act comes into effect on the effective date of the Companies Act.

Supplementary Provisions [Act No. 102 of October 21, 2005] [Extract]

(Effective Date)

Article 1 This Act comes into effect on the effective date of the Postal Service Privatization Act.

(Transitional Measures Accompanying Partial Amendment of the Foreign Exchange and Foreign Trade Act)

Article 76 (1) Except as otherwise provided by the Act Prescribing Consolidation and other Acts, an agency action, procedure, or other action (other than one prescribed in the following paragraph) undertaken by or against an old public corporation pursuant to the Foreign Exchange and Foreign Trade Act before its amendment by Article 31 (referred to as "the former Act" in that paragraph) before this Act comes into effect, is deemed to be an agency action, procedure, or other action undertaken by or against a postal savings bank pursuant to the

corresponding provisions of the Foreign Exchange and Foreign Trade Act as amended by that Article (referred to as "the new Act" in that paragraph).

- (2) Except as otherwise provided by the Act Prescribing Consolodation and other Acts, an agency action, procedure, or other action by or against an old public corporation with regard to postal life insurance funds as prescribed in Article 24, paragraph (3), item (v) of the former Public Corporation Act pursuant to the former Act before this Act comes into effect, is deemed to be an agency action, procedure, or other action undertaken by or against a postal insurance corporation pursuant to the corresponding provisions of the new Act.

(Transitional Measures for Penal Provisions)

Article 117 Prior laws continue to govern the applicability of penal provisions to conduct in which a person engages before this Act comes into effect; and also continue to govern their applicability to conduct in which a person engages after this Act comes into effect if prior laws continue to govern pursuant to the Supplementary Provisions; their applicability to conduct in which a person engages before the loss of effect of Article 38-8 of the former Postal Money Order Act (but only the part that involves items (ii) and (iii)), which remains in effect pursuant to Article 9, paragraph (1) of the Supplementary Provisions even after this Act comes into effect; their applicability to conduct in which a person engages before the loss of effect of Article 70 of the former Postal Money Order Act (but only the part that involves items (ii) and (iii)), which remains in effect pursuant to Article 13, paragraph (1) of the Supplementary Provisions even after this Act comes into effect; their applicability to conduct in which a person engages before the loss of effect of Article 8 of the former Act on the Entrustment of Postal Transfer Deposits and Contributions (but only the part that involves item (ii)), which remains in effect pursuant to Article 27, paragraph (1) of the Supplementary Provisions even after this Act comes into effect; their applicability to conduct in which a person engages before the loss of effect of Article 70 of the former Public Corporation Act (but only the part that involves item (ii)), which remains in effect pursuant to Article 39, paragraph (2) of the Supplementary Provisions even after this Act comes into effect; their applicability to conduct in which a person engages before the loss of effect of Articles 71 and 72 of the former Public Corporation Act (but only the part that involves item (xv)), which remain in effect pursuant to Article 42, paragraph (1) of the Supplementary Provisions even after this Act comes into effect; and their applicability to conduct in which a person engages before the specified date for a postal savings bank as prescribed in Article 104 of the Postal Service Privatization Act, if Article 2, paragraph (2) of the Supplementary Provisions applies.