

# Order for Enforcement of the Payment Services Act

(Cabinet Order No. 19 of March 1, 2010)

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## Chapter I General Provisions

(Definition)

Article 1 The terms "Issuer of Prepaid Payment Instruments," "Funds Transfer Service," "Funds Transfer Service Provider," "Virtual Currency," "Virtual Currency Exchange Service," "Virtual Currency Exchange Service Provider," "Certified Association for Payment Service Providers," "Trust Company, etc.," "Deposit-taking Institutions" or a "Dispute Resolution Service" as used in this Cabinet Order means an Issuer of Prepaid Payment Instruments, Funds Transfer Service, Funds Transfer Service Provider, Virtual Currency, Virtual Currency Exchange Service, Virtual Currency Exchange Service Provider, Certified Association for Payment Service Providers, Trust Company, etc., Deposit-taking Institutions or a Dispute Resolution Service as prescribed in Article 2 of the Payment Services Act (hereinafter referred to as the "Act"), respectively.

(Transactions subject to the Funds Transfer Service)

Article 2 Transactions specified by Cabinet Order as prescribed in Article 2, paragraph (2) of the Act are funds transfer transactions (Kawase transactions) pertaining to transfer of funds in an amount not more than an amount equivalent to one million yen.

## Chapter II Prepaid Payment Instruments

(Close Relationship with Issuer)

Article 3 (1) The close relationship specified by Cabinet Order as prescribed in Article 3, paragraph (4) of the Act are any of the following relationships:

- (i) the relationship of being a relative of the person issuing Prepaid Payment Instruments (meaning the Prepaid Payment Instruments prescribed in Article 3, paragraph (1) of the Act; the same applies hereinafter in this Chapter) (hereinafter referred to as an "issuer" in this paragraph), if the relevant person is an individual;
  - (ii) the relationship in which one corporation directly or indirectly holds voting rights exceeding fifty percent of the voting rights held by all shareholders, etc. (meaning voting rights of all shareholders, all members, or all equity investors (in the case of a stock company, excluding voting rights of shares which may not be exercised for all matters that are subject to a resolution of a general meeting of shareholders and including voting rights of shares in respect of which the shareholder is deemed to have voting rights under the provisions of Article 879, paragraph (3) of the Companies Act (Act No. 86 of 2005); the same applies hereinafter in this Article); the same applies hereinafter in this Article) of the other corporation;
  - (iii) the relationship between an individual and a corporation in which the individual and the relatives of the individual directly or indirectly hold voting rights exceeding fifty percent of the voting rights held by all shareholders, etc. of the corporation;
  - (iv) the relationship between corporations in which the same individual directly or indirectly holds voting rights exceeding fifty percent of the corporations' voting rights held by all shareholders, etc. (if the person is an individual, including the relatives of the individual) (excluding those falling under item (ii)); or
  - (v) the relationship between an issuer and the person that simultaneously or continuously carries on delivery of goods or provision of services that are closely related with and inseparable from delivery of goods or provision of services carried on by the issuer(excluding those falling under each of the preceding items), if the relevant person exists.
- (2) In the case of item (ii) of the preceding paragraph, whether a corporation directly or indirectly holds voting rights exceeding fifty percent of the voting rights held by all shareholders, etc. of the other corporation is determined by a proportion calculated by totaling the following proportions:
- (i) the proportion of the voting rights held by a corporation under its own name, pertaining to shares or contributions (hereinafter referred to as "shares, etc." in this paragraph) of the other corporation (including voting rights pertaining to shares, etc. that cannot be asserted against the issuer pursuant to the provisions of Article 147, paragraph (1) or Article 148, paragraph (1) of the Act on Transfer of Bonds, Shares, etc. (Act No. 75 of 2001) (including the

cases when these provisions are applied mutatis mutandis pursuant to the provisions of Article 228, paragraph (1), Article 235, paragraph (1), Article 239, paragraph (1), and Article 276 (limited to the portion pertaining to item (ii) of the relevant Act); referred to as "subject voting rights" in the following item) to the voting rights held by all shareholders, etc. of the relevant other corporation; and

- (ii) the proportion of the subject voting rights held by a corporation's subsidiary (meaning a corporation whose shares, etc. in relation to the subject voting rights exceeding fifty percent of the voting rights held by all shareholders, etc. are held by the relevant corporation under its own name; the same applies hereinafter in this item) under its own name, pertaining to shares, etc. of the other corporation under the preceding item, to the voting rights held by all shareholders, etc. of the relevant other corporation (if the number of the relevant subsidiaries is two or more, an aggregate proportion calculated by totaling proportions calculated for each of them).
- (3) The provisions of the preceding paragraph apply mutatis mutandis to the determination of the relationship prescribed in paragraph (1), items (iii) and (iv).

(Prepaid Payment Instruments Excluded from Application)

Article 4 (1) Those specified by Cabinet Order as prescribed in Article 4, item (i) of the Act are the certificates and other articles (hereinafter referred to as "certificates, etc." in this Article) listed in items (i) through (iii) or, the numbers, marks, or other signs specified in item (iv):

- (i) passenger tickets for ground, water, and air transportation vehicles;
- (ii) admission tickets pertaining to the following facilities or places (including attraction tickets for amusement parks and other similar facilities that are issued in combination with ordinary admission tickets):
  - (a) a place where movies, theater, entertainment or music performances, sports events, or other shows are presented for a large number of unspecified persons to watch or listen to them;
  - (b) horse, bicycle, compact automobile, or motorboat racing tracks; and
  - (c) art museums, amusement parks, zoos, exhibitions and other similar facilities or places which a large number of unspecified persons enter.
- (iii) beyond what is listed in the preceding two items, meal tickets and other certificates, etc. issued in conjunction with the use of a specified facility or place that are designed to be used normally by the users of the relevant facility or place; and
- (iv) numbers, marks, or other signs that have a function equivalent to the certificates, etc. listed in the preceding three items (excluding those used in the case where the delivery of goods or provision of services by the issuer or

- the person designated by the issuer to the users is conducted through electric telecommunication lines connecting a computer used by the issuer or the person designated by the issuer with a computer used by the users).
- (2) A certain period from the date of issuance specified by Cabinet Order as prescribed in Article 4, item (ii) of the Act is six months.
  - (3) Corporations specified by Cabinet Order as prescribed in Article 4, item (iv) of the Act is the following corporation:
    - (i) National Agency for Automobile and Land Transport Technology
    - (ii) Japan Racing Association and Japan Broadcasting Corporation; and
    - (iii) Port authorities and local road public corporations.
  - (4) Prepaid Payment Instruments specified by Cabinet Order as prescribed in Article 4, item (v) of the Act are the following Prepaid Payment Instruments:
    - (i) Prepaid Payment Instruments for Third-Party Business (meaning the Prepaid Payment Instruments for Third-Party Business prescribed in Article 3, paragraph (5) of the Act) issued only to the employees of the issuer (including persons belonging to the same household as the relevant employees; hereinafter the same applies in this item) that are designed to be used only by the relevant employees;
    - (ii) Prepaid Payment Instruments pertaining to health care facilities, welfare facilities, or welfare services issued by the following persons:
      - (a) health insurance societies or the National Federation of Health Insurance Societies;
      - (b) national public service personnel mutual aid associations, the Federation of National Public Service Personnel Mutual Aid Associations, local public service personnel mutual aid associations, the National Federation of Mutual Aid Associations for Municipal Personnel, or the Promotion and Mutual Aid Corporation for Private Schools of Japan;
      - (c) corporate pension funds or Pension Fund Association;
      - (d) persons specified by Cabinet Office Order as similar to persons listed in (a) through (c);
    - (iii) Prepaid Payment Instruments issued by a person that establishes a school prescribed in Article 1 of the School Education Act (Act No. 26 of 1947) (excluding the State or a local public entity) only to its students, school children or elementary school children, or employees (hereinafter referred to as "students, etc." in this item) (limited to those that are designed to be used only by the relevant students, etc.) and other Prepaid Payment Instruments that are specified by Cabinet Office Order as those equivalent to the relevant Prepaid Payment Instruments; and
    - (iv) beyond the Prepaid Payment Instruments listed in the preceding three items, Prepaid Payment Instruments issued by a person engaging in the business pertaining to a stand and other facilities for the welfare of

employees who work within a certain work area or persons who were the relevant employees (including persons belonging to the same household as these employees or persons; hereinafter referred to as "employees, etc." in this item) (hereinafter referred to as "welfare facilities" in this item) only to its employees, etc. (limited to those that are designed to be used only in the welfare facilities for the relevant employees, etc.) and other Prepaid Payment Instruments that are specified by Cabinet Office Order as those similar to the relevant Prepaid Payment Instruments.

- (5) Prepaid Payment Instruments specified by Cabinet Order as prescribed in Article 4, item (vi) of the Act are the following Prepaid Payment Instruments:
- (i) Prepaid Payment Instruments that are designed to be used for the delivery of goods or provision of services pertaining to the Specified Advance Payment Transactions prescribed in Article 2, paragraph (6) of the Installment Sales Act (Act No. 159 of 1961) or the delivery of goods pertaining to Advance Payment Installment Sales prescribed in Article 11 of the relevant Act; and
  - (ii) Prepaid Payment Instruments issued in the transactions pertaining to the travel agency business prescribed in Article 2, paragraph (3) of the Travel Agency Act (Act No. 239 of 1952).

(Minimum Amount of Net Assets)

- Article 5 (1) The amount of money specified by Cabinet Order as prescribed in Article 10, paragraph (1), item (ii), (a) of the Act is the amount specified in the following items for the categories of cases respectively listed therein:
- (i) if the geographic area in which the Prepaid Payment Instruments issued by an applicant for registration under Article 10, paragraph (1) of the Act can be used is limited to one municipality (including special wards, and for designated cities prescribed in Article 252-19, paragraph (1) of the Local Autonomy Act (Act No. 67 of 1947), ward or administratively consolidated ward of the relevant cities; the same applies in the following item): Ten million yen;
  - (ii) if an applicant for registration under Article 10, paragraph (1) of the Act satisfies all of the following criteria: zero:
    - (a) the applicant is a general incorporated association, general incorporated foundation, or corporation engaging in specified non-profit activities prescribed in Article 2, paragraph (2) of the Act to Promote Specified Non-Profit Activities (Act No. 7 of 1998) (hereinafter referred to as "general incorporated association, etc.");
    - (b) the articles of incorporation of the applicant contains a statement to the effect that the applicant engages in the business of issuing Prepaid Payment Instruments and that the purpose of the applicant is to promote revitalizing the local economy or encourage exchange between residents in

- the relevant local area;
- (c) the geographic area in which the Prepaid Payment Instruments issued by the applicant can be used is limited to one municipality and municipalities adjacent thereto;
  - (d) rules prescribed by the applicant contain a provision to the effect that the relevant applicant is to maintain in its bank account under its own name a bank deposit or savings in an amount not less than an amount equivalent to the amount calculated by deducting the amount of the security deposit for issuance made to a Local Deposit Office pursuant to the provisions of Article 14, paragraph (1) of the Act and the amount not required to be deposited pursuant to the provisions of Article 15 and Article 16, paragraph (1) of the Act from the unused balance of the Prepaid Payment Instruments issued by the applicant (meaning the amount calculated in accordance with a method specified by Cabinet Office Order as the total amount of the monies that can be used for the full payment of consideration associated with the Prepaid Payment Instruments prescribed in Article 3, paragraph (1), item (i) of the Act and the monies converted from the quantity of goods the delivery of which, or the quantity of services the provision of which, can be claimed associated with the Prepaid Payment Instruments prescribed in item (ii) of the relevant paragraph); and
  - (e) the Prepaid Payment Instruments issued by the applicant contain a statement to the effect that inspection of the balance sheet and profit and loss statement of the relevant general incorporated association, etc. or a substitute thereof may be requested; and
- (iii) cases other than those prescribed in the preceding two items: one hundred million yen.
- (2) A person specified by Cabinet Order as prescribed in Article 10, paragraph (1), item (ii), (b) of the Act is a nonprofit institution established under the authorization of an administrative agency pursuant to the provisions of laws (limited to one specified by the Commissioner of the Financial Services Agency through public notice) whose articles of incorporation contain a statement to the effect that the relevant institution engages in the business of issuing Prepaid Payment Instruments.

(Minimum Unused Base Date Balance Requiring a Deposit)

Article 6 The amount specified by Cabinet Order as prescribed in Article 14, paragraph (1) of the Act is ten million yen.

(Matters to be Included in Guarantee Contract of Security Deposit for Issuance)

Article 7 A guarantee contract of security deposit for issuance (meaning the guarantee contract of security deposit for issuance prescribed in Article 15 of the Act; the same applies hereinafter in this Article, paragraph (2), item (ii) of the following Article, and Article 11, paragraph (2)) to be concluded by an Issuer of Prepaid Payment Instruments who is required to make a security deposit for issuance to a Local Deposit Office under Article 14, paragraph (1) of the Act must contain provisions prescribing the following matters:

- (i) the other party to the relevant guarantee contract of security deposit for issuance promises to the relevant Issuer of Prepaid Payment Instruments that if the relevant other party comes to fall under any of the following cases, it will make a security deposit for issuance to the Local Deposit Office on behalf of the relevant Issuer of Prepaid Payment Instruments in the amount in relation to the order of the Commissioner of the Financial Services Agency respectively prescribed therein:
  - (a) if the other party to the relevant guarantee contract of security deposit for issuance receives an order of the Commissioner of the Financial Services Agency under Article 17 of the Act during a period from the day immediately following the first Base Date (meaning the Base Date prescribed in Article 3 (2) of the Act; hereinafter the same applies in this item and Article 9) which comes after the day immediately following the date of notification under Article 15 of the Act in relation to the relevant guarantee contract of security deposit for issuance until the last day in two months period after that day (if a notification under Article 15 of the Act in relation to the relevant first Base Date is made before that day, the date of the relevant notification) or;
  - (b) if the relevant Issuer of Prepaid Payment Instruments fails to make a security deposit for issuance to a Local Deposit Office under Article 14, paragraph (1) of the Act (including conclusion of a guarantee contract of security deposit for issuance and maintaining of trust property under a trust contract of security deposit for issuance (meaning the trust contract of security deposit for issuance prescribed in Article 16, paragraph (1) of the Act; the same applies in Article 11, paragraph (2)) in relation to the first Base Date prescribed in sub-item (a) within two months from the day immediately following the relevant first Base Date, and the other party to the relevant guarantee contract of security deposit for issuance receives an order of the Commissioner of the Financial Services Agency under Article 17 of the Act; and
- (ii) except the case in which the approval of the Commissioner of the Financial Services Agency is obtained, the whole or part of the relevant guarantee contract of security deposit for issuance may not be cancelled.

(Requirements to be Satisfied by Deposit-taking Institutions for Conclusion of Guarantee Contract of Security Deposit for Issuance)

Article 8 (1) The requirements specified by Cabinet Order as prescribed in Article 15 of the Act is the Deposit-taking Institution falls under the category for one that is determined to have sound equity capital as specified by Cabinet Office Order in consideration of the criteria prescribed in Article 14-2 of the Banking Act (Act No. 59 of 1981) and provisions of other laws and regulations similar to this.

(2) Persons specified by Cabinet Order as prescribed in Article 15 of the Act are the persons specified in the following items:

- (i) an insurance company and any other person specified by Cabinet Office Order falling under the category for one that is determined to have sound financial status with regard to capital adequacy to support the payment of insurance claims, etc. as specified by Cabinet Office Order in consideration of the criteria prescribed in Article 130 of the Insurance Business Act (Act No. 105 of 1995); and
- (ii) a person who has received the designation prescribed in Article 35-4, paragraph (1) of the Installment Sales Act and has received the approval under the proviso to Article 35-9 of the relevant Act for the business pertaining to the relevant guarantee contract of security deposit for issuance.

(Categories and Amounts Permitted in the Case in which the Person May Recover the Security Deposit for Issuance)

Article 9 (1) If a person who has made a security deposit for issuance to a Local Deposit Office (including bond certificates (meaning bond certificates specified by Cabinet Office Order as prescribed in Article 14, paragraph (3) of the Act; the same applies in Article 11, paragraph (8)) deposited pursuant to the provisions of Article 14, paragraph (3) of the Act; hereinafter the same applies in this Article and Article 11, paragraph (5)) pursuant to the provisions of Article 14, paragraph (1) or (2) or Article 17 of the Act or their successor (hereinafter collectively referred to as "depositor" in this Article) has come to fall under any of the following items, the depositor may, by obtaining the approval of the Commissioner of the Financial Services Agency, recover the security deposit for issuance in the amount respectively prescribed therein by the following Base Date:

- (i) if the Unused Base Date Balance (meaning the Unused Base Date Balance prescribed in Article 3, paragraph (2) of the Act) on a Base Date has decreased to ten million yen or less: the full amount of the security deposit for issuance that has been made to the Local Deposit Office;
- (ii) if the amount of security deposit for issuance (meaning the amount of security deposit for issuance prescribed in Article 14, paragraph (2) of the

Act; hereinafter the same applies in this Article) on the day immediately following the date of submission of the written report prescribed in Article 23, paragraph (1) of the Act pertaining to a Base Date exceeds the required amount of deposit (meaning the required amount of deposit prescribed in Article 14, paragraph (1) of the Act) on the same Base Date: the excess amount;

(iii) if the procedure for the execution of the right under Article 31, paragraph (1) of the Act (hereinafter referred to as the "right" in this item, the following item, paragraph (3), and Article 11) has been completed, and the unused balance as of the day on which the relevant procedure for the execution of the right has been completed (meaning the amount calculated in accordance with a method specified by Cabinet Office Order as the total amount of (x) the monies that can be used for the full payment of consideration associated with the Prepaid Payment Instruments prescribed in Article 3, paragraph (1), item (i) of the Act, outstanding as of the day on which the relevant procedure for the execution of the Right has been completed, and (y) the monies converted from the quantity of goods the delivery of which ,the quantity of services the provision of which, can be claimed associated with the Prepaid Payment Instruments prescribed in item (ii) of the relevant paragraph, outstanding as of the day on which the relevant procedure for the execution of the right has been completed; the same applies in the following item) is not more than ten million yen: the amount remaining after deducting the amount of costs required for the relevant procedure for the execution of the Right from the amount of security deposit for issuance remaining as of the day on which the relevant procedure for the execution of the Right has been completed; or

(iv) if the procedure for the execution of the right has been completed, and the unused balance as of the day on which the relevant procedure for the execution of the right has been completed exceeds ten million yen: the amount remaining after deducting the amount of costs required for the relevant procedure for the execution of the right and half of the unused balance as of the day on which the relevant procedure for the execution of the right has been completed from the amount of security deposit for issuance remaining as of the day on which the relevant procedure for the execution of the right has been completed.

(2) The circumstances specified by Cabinet Order as prescribed in Article 18, item (iv) of the Act are the circumstances in which the refund procedure prescribed in Article 20, paragraph (1) of the Act has been completed, and if the situation falls under this case and the depositor has come to fall under any of the following items, the depositor, by obtaining the approval of the Commissioner of the Financial Services Agency, may recover the security

deposit for issuance in the amount respectively prescribed in the applicable item by the following the Base Date:

- (i) if the unused balance as of the day on which the relevant refund procedure has been completed (meaning the amount calculated in accordance with a method specified by Cabinet Office Order as the total amount of (x) the monies that can be used for the full payment of consideration associated with the Prepaid Payment Instruments prescribed in Article 3, paragraph (1), item (i) of the Act, outstanding as of the day on which the relevant refund procedure has been completed; the same applies in the following item, and (y) the monies converted from the quantity of goods the delivery of which, or the quantity of services the provision of which, can be claimed associated with the Prepaid Payment Instruments prescribed in item (ii) of the relevant paragraph, outstanding as of the day on which the relevant refund procedure has been completed; the same applies in the following item) is not more than ten million yen: the full amount of the security deposit for issuance remaining as of the day on which the relevant refund procedure has been completed; or
  - (ii) if the unused balance as of the day on which the relevant refund procedure has been completed exceeds ten million yen: the amount remaining after deducting half of the unused balance as of the day on which the relevant refund procedure has been completed from the amount of security deposit for issuance remaining as of the day on which the relevant refund procedure has been completed.
- (3) Notwithstanding the provisions of the preceding two paragraphs, a depositor may not recover any security deposit for issuance in respect of which the refund procedure under Article 20, paragraph (1) of the Act or the procedure for execution of the right is ongoing.

(Replacement of Terms of the Provisions of the Companies Act as Applied Mutatis Mutandis to Cases in which an Issuer of Prepaid Payment Instruments Gives a Public Notice of Refund of the Prepaid Payment Instruments by Way of Electronic Public Notice)

Article 9-2 If the public notice prescribed in Article 20, paragraph (2) of the Act is given by way of electronic public notice (meaning the electronic public notice prescribed in Article 2, item (xxxiv) of the Companies Act), the technical replacement of terms pertaining to the provisions of the Companies Act, as applied mutatis mutandis pursuant to Article 20, paragraphs (3) and (4) of the Act, required by the provisions of paragraphs (3) and (4) of the relevant Article of the Act, are as follows:

Provisions of the Companies Act Requiring Replacement of Terms	Terms to be replaced	Terms to replace
Article 940(1)(iii)	objections may be stated	claims may be stated
Article 940(3) (excluding items thereof)	the preceding two paragraphs	paragraph (1)
	these provisions	the provisions of the relevant paragraph

(Special Provisions pertaining to the Base Date)

Article 9-3 (1) With regard to the application of the provisions of Article 14 and Article 23 of the Act if the provisions of Article 29-2, paragraph (1) of the Act are applied, the phrase "the Base Date immediately preceding the day on which such fact occurred" in Article 14, paragraph (2) of the Act is replaced with "the Base Date immediately preceding the day on which such fact occurred (or if the Base Date immediately preceding the day of submitting a written notice as set forth in Article 29-2, paragraph (1) is the Special Base Date prescribed in paragraph (2) of the relevant Article, the Base Date excluding the Special Base Date; the same applies in this paragraph)"; and the term "the Record Period including the relevant Base Date" in Article 23, paragraph (1), item (i) of the Act is replaced with "the Record Period (if the Record Period containing the day of submitting a written notice as set forth in Article 29-2, paragraph (1) is the period from the day following the Special Base Date (meaning the Special Base Date prescribed in paragraph (2) of the relevant Article) to the next ordinary Base Date (meaning the ordinary Base Date prescribed in paragraph (2) of the relevant Article; hereinafter the same applies in this item), the Record Period including the relevant ordinary Base Date and the Record Period immediately preceding the relevant Record Period) including the relevant Base Date".

(2) The period specified by Cabinet Order as prescribed in Article 29-2, paragraphs (3) and (4) of the Act is one year.

(Persons Qualified to Become Agents for Local Finance Office in the Distribution Proceedings of Security Deposit to Holders of Prepaid Payment Instruments)

Article 10 Persons specified by Cabinet Order as prescribed in Article 31, paragraph (3) of the Act are the following persons:

- (i) Deposit-taking Institutions;
- (ii) trust companies, etc.;
- (iii) if a bankruptcy proceeding has been commenced against the relevant Issuer of Prepaid Payment Instruments, the bankruptcy trustee thereof;

- (iv) if a reorganization proceeding has been commenced against the relevant Issuer of Prepaid Payment Instruments, the trustee thereof; and
- (v) if a rehabilitation proceeding has been commenced against the relevant Issuer of Prepaid Payment Instruments, the trustee thereof (limited to cases in which a trustee has been appointed for the relevant rehabilitation proceeding).

(Procedure for the Execution of the Right pertaining to Security Deposit for Issuance)

Article 11 (1) A holder of Prepaid Payment Instruments may file a petition with the Commissioner of the Financial Services Agency for the execution of the right with regard to the Prepaid Payment Instruments that the holder holds (excluding those for which the refund procedure under Article 20, paragraph (1) of the Act has been completed and those for which the procedure for the execution of the right has been completed).

(2) If the Commissioner of the Financial Services Agency has given a public notice under Article 31, paragraph (2) of the Act, the Commissioner of the Financial Services Agency must notify the person who filed a petition under the preceding paragraph (hereinafter referred to as "petitioner" in this Article) and the Issuer of Prepaid Payment Instruments who issued the relevant Prepaid Payment Instruments (if the relevant Issuer of Prepaid Payment Instruments has concluded a guarantee contract of security deposit for issuance or trust contract of security deposit for issuance, the relevant Issuer of Prepaid Payment Instruments and the other party to these contracts; the same applies in paragraphs (4) and (5)) to that effect.

(3) Once the public notice under Article 31, paragraph (2) of the Act is given, even in the event that the petitioner has withdrawn the petition, this does not prevent the procedures for the fulfillment of the right from proceeding.

(4) The Commissioner of the Financial Services Agency must conduct an investigation of the Right without delay after the period set forth in Article 31, paragraph (2) of the Act has elapsed. In this case, the Commissioner of the Financial Services Agency must give the Petitioner, the persons who stated their claims within the relevant period, and the relevant Issuer of Prepaid Payment Instruments an opportunity to produce evidence and state opinions with regard to the presence or absence of the right and the amount of claims secured by the relevant right, by giving a public notice and giving notice to the relevant Issuer of Prepaid Payment Instruments of the date and the place in advance.

(5) The Commissioner of the Financial Services Agency, without delay, must prepare a distribution table regarding the security deposit for issuance that has been made to a Local Deposit Office by the last day of the period set forth

in Article 31, paragraph (2) of the Act based on the results of the investigation under the preceding paragraph, give a public notice thereof, and give notice thereof to the relevant Issuer of Prepaid Payment Instruments.

- (6) The distribution is to be implemented in accordance with the distribution table 110 days after the date of the public notice under the preceding paragraph.
- (7) If the locations of business offices or offices of an Issuer of Prepaid Payment Instruments cannot be ascertained, the Commissioner of the Financial Services Agency is not required to give notice under paragraph (2), paragraph (4), and paragraph (5) to the relevant Issuer of Prepaid Payment Instruments.
- (8) If bond certificates have been deposited and if the Commissioner of the Financial Services Agency finds it necessary for the execution of the right, the Commissioner of the Financial Services Agency may realize them. In this case, the costs for realization are deducted from the realized value.
- (9) In the cases referred to in paragraphs (5) and (6), the Commissioner of the Financial Services Agency may prepare a distribution table with regard to the amount remaining after deducting the costs for the public notice prescribed in Article 31, paragraph (2) of the Act, remuneration for the Agents for Local Finance Office in the Distribution Proceedings of Security Deposit to Holders of Prepaid Payment Instruments prescribed in paragraph (3) of the relevant Article, and other costs required for the procedure for return of security deposit for issuance (excluding the costs for realization under the preceding paragraph) from the amount of security deposit for issuance prescribed in paragraph (5), and implement distribution in accordance with the relevant distribution table.

(Requirements to be Satisfied by Deposit-taking Institutions for Exemption from Deposit Obligations)

Article 12 (1) Requirements specified by Cabinet Order as prescribed in Article 35 of the Act are requirements specified in Article 8, paragraph (1).

(2) Persons specified by Cabinet Order as prescribed in Article 35 of the Act are persons specified in Article 8, paragraph (2), item (i).

### **Chapter III Funds Transfer**

(Persons Equivalent to Persons Who Were Directors of a Corporation Whose Registration for the Funds Transfer Service Has been Rescinded)

Article 13 Persons specified by Cabinet Order as prescribed in Article 40, paragraph (1), item (x), (e) of the Act are the following persons:

- (i) a person who was a director, executive officer, accounting advisor, company auditor, board member, or auditor of a corporation at any time during the thirty days prior to the date of a rescission, if the relevant corporation has

- had its registration under Article 64, paragraph (1) of the Act rescinded pursuant to the provisions of Article 82, paragraph (1) or (2) of the Act, and five years have not passed since that date;
- (ii) a person who was a director (including a representative person in Japan who is deemed to be an executive under Article 47, paragraph (2) of the relevant Act), executive officer, accounting advisor, company auditor, or any other person equivalent thereto of a corporation at any time during the thirty days prior to the date of a rescission, if the relevant corporation has had its license under Article 4, paragraph (1) of the Banking Act rescinded pursuant to the provisions of Article 27 or Article 28 of the relevant Act, had its authorization under Article 52-9, paragraph (1) of the relevant Act or the proviso to paragraph (2) of the relevant Article rescinded pursuant to the provisions of Article 52-15, paragraph (1) of the relevant Act, had its authorization under Article 52-17, paragraph (1) of the relevant Act or the proviso to paragraph (3) of the relevant Article rescinded pursuant to the provisions of Article 52-34, paragraph (1) of the relevant Act, or had its permission under Article 52-36, paragraph (1) of the relevant Act rescinded pursuant to the provisions of Article 52-56, paragraph (1) of the relevant Act; and if five years have not passed since that date;
- (iii) a person who was a director, executive officer, accounting advisor, or company auditor of a corporation at any time during the thirty days prior to the date of a rescission, if the relevant corporation has had its license under Article 4, paragraph (1) of the Long-Term Credit Bank Act (Act No. 187 of 1952) rescinded pursuant to the provisions of Article 27 or Article 28 of the Banking Act as applied mutatis mutandis pursuant to Article 17 of the Long-Term Credit Bank Act, had its authorization under Article 16-2-2, paragraph (1) of the Long-Term Credit Bank Act or the proviso to paragraph (2) of the relevant Article rescinded pursuant to the provisions of Article 52-15, paragraph (1) of the Banking Act as applied mutatis mutandis pursuant to Article 17 of the Long-Term Credit Bank Act, had its authorization under Article 16-2-4, paragraph (1) of the Long-Term Credit Bank Act or the proviso to paragraph (3) of the relevant Article rescinded pursuant to the provisions of Article 52-34, paragraph (1) of the Banking Act as applied mutatis mutandis pursuant to Article 17 of the Long-Term Credit Bank Act, or had its permission under Article 16-5, paragraph (1) of the Long-Term Credit Bank Act rescinded pursuant to the provisions of Article 52-56, paragraph (1) of the Banking Act as applied mutatis mutandis pursuant to Article 17 of the Long-Term Credit Bank Act; and if five years have not passed since that date;
- (iv) a person who was a board member or auditor of the relevant corporation at any time during the thirty days prior to the date of a rescission, if the

- relevant corporation has had its license under Article 4 of the Credit Association Act (Act No. 238 of 1951) rescinded pursuant to the provisions of Article 27 or Article 28 of the Banking Act as applied mutatis mutandis pursuant to Article 89, paragraph (1) of the Credit Association Act or had its permission under Article 85-2, paragraph (1) of the Credit Association Act rescinded pursuant to the provisions of Article 52-56, paragraph (1) of the Banking Act as applied mutatis mutandis pursuant to Article 89, paragraph (5) of the Credit Association Act; and if five years have not passed since that date;
- (v) a person who was a board member or auditor of the relevant corporation at any time during the thirty days prior to the date of a rescission, if the relevant corporation has had its license under Article 6 of the Labor Credit Association Act (Act No. 227 of 1953) rescinded pursuant to the provisions of Article 95 of the relevant Act or had its permission under Article 89-3, paragraph (1) of the relevant Act rescinded pursuant to the provisions of Article 52-56, paragraph (1) of the Banking Act as applied mutatis mutandis pursuant to Article 94, paragraph (3) of the Labor Credit Association Act; and if five years have not passed since that date;
- (vi) a person who was a board member or auditor of a corporation at any time during the thirty days prior to the date of a rescission (in the case of a dissolution order, the day on which the relevant dissolution order was issued; hereinafter the same applies in this item through item (ix)), if the relevant corporation has received a dissolution order under Article 106, paragraph (2) of the Small and Medium Sized Enterprises, etc. Cooperatives Act (Act No. 181 of 1949), had its authorization under Article 3, paragraph (1) of the Act on Financial Business by Cooperatives (Act No. 183 of 1949) rescinded pursuant to the provisions of Article 27 or Article 28 of the Banking Act as applied mutatis mutandis pursuant to Article 6, paragraph (1) of the Act on Financial Business by Cooperatives or had its permission under Article 6-3, paragraph (1) of the relevant Act rescinded pursuant to the provisions of Article 52-56, paragraph (1) of the Banking Act as applied mutatis mutandis pursuant to Article 6-5, paragraph (1) of the Act on Financial Business by Cooperatives; and if five years have not passed since that date;
- (vii) a person who was a board member or auditor of a corporation at any time during the thirty days prior to the date of a rescission, if the relevant corporation has had its permission under Article 92-2, paragraph (1) of the Agricultural Cooperatives Act (Act No. 132 of 1947) rescinded pursuant to the provisions of Article 52-56, paragraph (1) of the Banking Act as applied mutatis mutandis pursuant to Article 92-4, paragraph (1) of the Agricultural Cooperatives Act or an agricultural cooperative or federation of agricultural cooperative has received a dissolution order under Article 95-2 of the

- relevant Act; and if five years have not passed since that date;
- (viii) a person who was a board member or auditor of a corporation at any time during the thirty days prior to the date of a rescission, if the relevant corporation has had its permission under Article 121-2, paragraph (1) of the Fisheries Cooperatives Act (Act No. 242 of 1948) rescinded pursuant to the provisions of Article 52-56, paragraph (1) of the Banking Act as applied mutatis mutandis pursuant to Article 121-4, paragraph (1) of the Fisheries Cooperatives Act or a fisheries cooperative, federation of fisheries cooperatives, fishery processing cooperative, or federation of fishery processing cooperatives received a dissolution order under Article 124-2 of the relevant Act; and if five years have not passed since that date;
- (ix) a person who was a board member, management committee member or auditor of a corporation at any time during the thirty days prior to the date of a rescission, if the relevant corporation has had its permission under Article 95-2, paragraph (1) of the Norinchukin Bank Act (Act No. 93 of 2001) rescinded pursuant to the provisions of Article 52-56, paragraph (1) of the Banking Act as applied mutatis mutandis pursuant to Article 95-4, paragraph (1) of the Norinchukin Bank Act or received a dissolution order under Article 86 of the relevant Act, and five years have not passed since that date;
- (x) a person who was a director, executive officer, accounting advisor, or company auditor of a corporation at any time during the thirty days prior to the date of a rescission, if the relevant corporation has had its authorization under Article 8, paragraph (1) of the Shoko Chukin Bank Limited Act (Act No. 74 of 2007) or the proviso to paragraph (2) of the relevant Article rescinded pursuant to the provisions of Article 13, paragraph (1) of the relevant Act and five years have not passed since that date;
- (xi) a person who was a director, executive officer, accounting advisor, company auditor, or any other person equivalent thereto of a corporation at any time during the thirty days prior to the date of a rescission (in the case of a dissolution order, the day on which the relevant dissolution order was issued, and in the case of a refusal of renewal, the day on which the relevant disposition of refusal of renewal was made; hereinafter the same applies in this item), if the relevant corporation had received a license, permission, or authorization (including other administrative dispositions similar to the relevant license, permission, or authorization; the same applies hereinafter in this item) of the same kind as the license, permission, or authorization prescribed in item (i) through the preceding item in a foreign state, but has had the relevant license, permission, or authorization of the same kind rescinded, had the renewal of the relevant license, permission, or authorization refused, or received a dissolution order, pursuant to the

- provisions of laws and regulations of the relevant foreign state equivalent to the Act, the Banking Act, the Long-Term Credit Bank Act, the Credit Association Act, the Labor Credit Association Act, the Small and Medium Sized Enterprises, etc. Cooperatives Act, the Act on Financial Business by Cooperatives, the Agricultural Cooperatives Act, the Fisheries Cooperatives Act, the Norinchukin Bank Act, or the Shoko Chukin Bank Limited Act; and if five years have not passed since that date;
- (xii) a person who has had an authorization under Article 52-9, paragraph (1) of the Banking Act or the proviso to paragraph (2) of the relevant Article rescinded pursuant to the provisions of Article 52-15, paragraph (1) of the relevant Act, had an authorization under Article 16-2-2, paragraph (1) of the Long-Term Credit Bank Act or the proviso to paragraph (2) of the relevant Article rescinded pursuant to the provisions of Article 52-15, paragraph (1) of the Banking Act as applied mutatis mutandis pursuant to Article 17 of the Long-Term Credit Bank Act or had an authorization under Article 8, paragraph (1) of the Shoko Chukin Bank Limited Act or the proviso to paragraph (2) of the relevant Article rescinded pursuant to the provisions of Article 13, paragraph (1) of the relevant Act, if five years have not passed since the date of the rescission;
- (xiii) a person who has had a permission under Article 52-36, paragraph (1) of the Banking Act rescinded pursuant to the provisions of Article 52-56, paragraph (1) of the relevant Act, had a permission under Article 16-5, paragraph (1) of the Long-Term Credit Bank Act rescinded pursuant to the provisions of Article 52-56, paragraph (1) of the Banking Act as applied mutatis mutandis pursuant to Article 17 of the Long-Term Credit Bank Act, had a permission under Article 85-2, paragraph (1) of the Credit Association Act rescinded pursuant to the provisions of Article 52-56, paragraph (1) of the Banking Act as applied mutatis mutandis pursuant to Article 89, paragraph (5) of the Credit Association Act, had a permission under Article 89-3, paragraph (1) of the Labor Credit Association Act rescinded pursuant to the provisions of Article 52-56, paragraph (1) of the Banking Act as applied mutatis mutandis pursuant to Article 94, paragraph (3) of the Labor Credit Association Act, had a permission under Article 6-3, paragraph (1) of the Act on Financial Business by Cooperatives rescinded pursuant to the provisions of Article 52-56, paragraph (1) of the Banking Act as applied mutatis mutandis pursuant to Article 6-5, paragraph (1) of the Act on Financial Business by Cooperatives, had a permission under Article 92-2, paragraph (1) of the Agricultural Cooperatives Act rescinded pursuant to the provisions of Article 52-56, paragraph (1) of the Banking Act as applied mutatis mutandis pursuant to Article 92-4, paragraph (1) of the Agricultural Cooperatives Act, had a permission under Article 121-2, paragraph (1) of the

Fisheries Cooperatives Act rescinded pursuant to the provisions of Article 52-56, paragraph (1) of the Banking Act as applied mutatis mutandis pursuant to Article 121-4, paragraph (1) of the Fisheries Cooperatives Act or had a permission under Article 95-2, paragraph (1) of the Norinchukin Bank Act rescinded pursuant to the provisions of Article 52-56, paragraph (1) of the Banking Act as applied mutatis mutandis pursuant to Article 95-4, paragraph (1) of the Norinchukin Bank Act, if five years have not passed since the date of the rescission;

(xiv) a person who had received a authorization or permission of the same kind as the authorization or permission under Article 52-9, paragraph (1) of the Banking Act or the proviso to paragraph (2) of the relevant Article, or Article 52-36, paragraph (1) of the relevant Act in a foreign state, but has had the authorization or permission of the same kind rescinded or had the renewal of the relevant authorization or permission refused, pursuant to the provisions of laws and regulations of the relevant foreign state corresponding to the Banking Act, if five years have not passed since the date of the rescission (in the case of a refusal of renewal, the day on which the person received the relevant disposition);

(xv) a director, executive officer, accounting advisor or company auditor, or board member or auditor whose dismissal was ordered pursuant to the provisions of Article 67, paragraph (3) or Article 82, paragraph (2) of the Act, if five years have not passed since the day on which the director, executive officer, accounting advisor or company auditor, or a board member or auditor received the relevant disposition;

(xvi) a director (including a representative person in Japan who is deemed to be a director under Article 47, paragraph (2) of the Banking Act), executive officer, accounting advisor or company auditor whose dismissal was ordered pursuant to the provisions of Article 27 or Article 52-34, paragraph (1) of the relevant Act, if five years have not passed since the day on which the director, executive officer, accounting advisor or company auditor received the relevant disposition; or an officer whose dismissal was ordered pursuant to the provisions of Article 52-56, paragraph (2) of the relevant Act, if five years have not passed since the day on which the officer received the relevant disposition;

(xvii) a director, executive officer, accounting advisor or company auditor whose dismissal was ordered pursuant to the provisions of Article 27 or Article 52-34, paragraph (1) of the Banking Act as applied mutatis mutandis pursuant to Article 17 of the Long-Term Credit Bank Act, if five years have not passed since the day on which the director, executive officer, accounting advisor or company auditor received the relevant disposition; or an officer whose dismissal was ordered pursuant to the provisions of Article 52-56,

- paragraph (2) of the Banking Act as applied mutatis mutandis pursuant to Article 17 of the Long-Term Credit Bank Act, if five years have not passed since the day on which the officer received the relevant disposition;
- (xviii) a board member or auditor whose dismissal was ordered pursuant to the provisions of Article 27 of the Banking Act as applied mutatis mutandis pursuant to Article 89, paragraph (1) of the Credit Association Act, if five years have not passed since the day on which the board member or auditor received the relevant disposition; or an officer whose dismissal was ordered pursuant to the provisions of Article 52-56, paragraph (2) of the Banking Act as applied mutatis mutandis pursuant to Article 89, paragraph (3) of the Credit Association Act, if five years have not passed since the day on which the officer received the relevant disposition;
- (xix) a board member or auditor whose replacement was ordered pursuant to the provisions of Article 95, paragraph (1) of the Labor Credit Association Act, if five years have not passed since the day on which the board member or auditor received the relevant disposition; or an officer whose dismissal was ordered pursuant to the provisions of Article 52-56, paragraph (2) of the Banking Act as applied mutatis mutandis pursuant to Article 94, paragraph (3) of the Labor Credit Association Act, if five years have not passed since the day on which the officer received the relevant disposition;
- (xx) a board member or auditor whose dismissal was ordered pursuant to the provisions of Article 27 of the Banking Act as applied mutatis mutandis pursuant to Article 6, paragraph (1) of the Act on Financial Business by Cooperatives, if five years have not passed since the day on which the board member or auditor received the relevant disposition; or an officer whose dismissal was ordered pursuant to the provisions of Article 52-56, paragraph (2) of the Banking Act as applied mutatis mutandis pursuant to Article 6-5, paragraph (1) of the Act on Financial Business by Cooperatives, if five years have not passed since the day on which the officer received the relevant disposition;
- (xxi) an officer whose dismissal was ordered pursuant to the provisions of Article 52-56, paragraph (2) of the Banking Act as applied mutatis mutandis pursuant to Article 92-4, paragraph (1) of the Agricultural Cooperatives Act, if five years have not passed since the day on which the officer received the relevant disposition; or an officer whose reselection was ordered pursuant to the provisions of Article 95, paragraph (2) of the relevant Act, if five years have not passed since the day on which the officer received the relevant disposition;
- (xxii) an officer whose dismissal was ordered pursuant to the provisions of Article 52-56, paragraph (2) of the Banking Act as applied mutatis mutandis pursuant to Article 121-4, paragraph (1) of the Fisheries Cooperatives Act, if

five years have not passed since the day on which the officer received the relevant disposition; or an officer whose reselection was ordered pursuant to the provisions of Article 124, paragraph (2) of the relevant Act, if five years have not passed since the day on which the officer received the relevant disposition;

(xxiii) an officer whose dismissal was ordered pursuant to the provisions of Article 52-56, paragraph (2) of the Banking Act as applied mutatis mutandis pursuant to Article 95-4, paragraph (1) of the Norinchukin Bank Act, if five years have not passed since the day on which the officer received the relevant disposition; or a board member, management committee member, or auditor whose dismissal was ordered pursuant to the provisions of Article 86 of the relevant Act, if five years have not passed since the day on which the board member, management committee member, or auditor received the relevant disposition;

(xxiv) a director, executive officer, accounting advisor, or company auditor whose dismissal was ordered pursuant to the provisions of Article 60 of the Shoko Chukin Bank Limited Act, if five years have not passed since the day on which the director, executive officer, accounting advisor, or company auditor received the relevant disposition; and

(xxv) a director, executive officer, accounting advisor, company auditor, or any other person equivalent thereto whose dismissal was ordered pursuant to the provisions of laws and regulations of a foreign state equivalent to the Act, the Banking Act, the Long-Term Credit Bank Act, the Credit Association Act, the Labor Credit Association Act, the Small and Medium Sized Enterprises, etc. Cooperatives Act, the Act on Financial Business by Cooperatives, the Agricultural Cooperatives Act, the Fisheries Cooperatives Act, the Norinchukin Bank Act, or the Shoko Chukin Bank Limited Act, if five years have not passed since the day on which the director, executive officer, accounting advisor, company auditor, or any other person equivalent thereto received the relevant disposition.

(Minimum Required Amount as Security for Providing Funds Transfer Service)

Article 14 The amount specified by Cabinet Order as prescribed in Article 43, paragraph (2) of the Act is ten million yen.

(Matters to be Included in Guarantee Contract of Security Deposit of Providing Funds Transfer Service)

Article 15 A guarantee contract of security deposit of providing Funds Transfer Service (meaning the guarantee contract of security deposit of providing Funds Transfer Service prescribed in Article 44 of the Act; hereinafter the same applies in this Article and Article 19, paragraph (2)) to be concluded by a

Funds Transfer Service Provider who is required to make a security deposit for providing Funds Transfer Service to the Local Deposit Office under Article 43, paragraph (1) of the Act contains provisions prescribing the following matters:

- (i) the other party to the relevant guarantee contract of security deposit of providing Funds Transfer Service promises to the relevant Funds Transfer Service Provider that if the relevant other party comes to fall under any of the following cases, it will make a security deposit for providing Funds Transfer Service to the Local Deposit Office on behalf of the relevant Funds Transfer Service Provider in the amount in relation to the order of the Commissioner of the Financial Services Agency respectively prescribed therein:
  - (a) if the other party to the relevant guarantee contract of security deposit of providing Funds Transfer Service receives an order of the Commissioner of the Financial Services Agency under Article 46 of the Act during a period from the first Base Date (meaning the Base Date prescribed in Article 43, paragraph (1) of the Act; hereinafter the same applies in this item and Article 17) which comes after the day immediately following the date of notification under Article 44 of the Act pertaining to the relevant guarantee contract of security deposit of providing Funds Transfer Service until the last day in one week period after that first Base Date (if a notification under Article 44 of the Act pertaining to the relevant first Base Date is made before that day, the date of the relevant notification) or;
  - (b) if the relevant Funds Transfer Service Provider fails to make a security deposit for providing Funds Transfer Service to the Local Deposit Office under Article 43, paragraph (1) of the Act (including conclusion of a guarantee contract of security deposit of providing Funds Transfer Service and maintaining of trust property under a trust contract of security deposit of providing Funds Transfer Service (meaning the trust contract of security deposit of providing Funds Transfer Service prescribed in Article 45, paragraph (1) of the Act; the same applies in Article 19, paragraph (2)) in relation to the first Base Date prescribed in (a) within one week from the relevant first Base Date, and the other party to the relevant guarantee contract of security deposit of providing Funds Transfer Service receives an order of the Commissioner of the Financial Services Agency under Article 46 of the Act; and
- (ii) except cases in which the approval of the Commissioner of the Financial Services Agency is obtained, the whole or part of the relevant guarantee contract of security deposit of providing Funds Transfer Service may not be cancelled.

(Requirements to be Satisfied by Deposit-taking Institutions for Conclusion of

Guarantee Contract of Security Deposit of Providing Funds Transfer Service)

Article 16 (1) The requirements specified by Cabinet Order as prescribed in Article 44 of the Act are that the Deposit-taking Institution falls under the category for one that is determined to have sound equity capital as specified by Cabinet Office Order in consideration of the criteria prescribed in Article 14-2 of the Banking Act and provisions of other laws and regulations similar to this.

(2) Persons specified by Cabinet Order as prescribed in Article 44 of the Act are an insurance company falling under the category for one that is determined to have sound financial status with regard to capital adequacy to support the payment of insurance claims, etc. as specified by Cabinet Office Order in consideration of the criteria prescribed in Article 130 of the Insurance Business Act and any other persons specified by Cabinet Office Order.

(Categories and Amounts Permitted in the Case in which the Person May Recover the Security Deposit for Providing Funds Transfer Service)

Article 17 (1) When a person who has made a security deposit for providing Funds Transfer Service to a Local Deposit Office (including bond certificates (meaning bond certificates specified by Cabinet Office Order as prescribed in Article 43, paragraph (3) of the Act; the same applies in Article 19, paragraph (8)) deposited pursuant to the provisions of Article 43, paragraph (3) of the Act; hereinafter the same applies in this Article and Article 19, paragraph (5)) pursuant to the provisions of Article 43, paragraph (1) or Article 46 of the Act or their successor (hereinafter collectively referred to as "depositor" in paragraph (3)) has come to fall under any of the following items, the depositor may, by obtaining the approval of the Commissioner of the Financial Services Agency, recover the security deposit for providing Funds Transfer Service in the amount respectively prescribed therein by the following Base Date:

(i) if the required amount of deposit (meaning the required amount of deposit prescribed in Article 43, paragraph (1) of the Act) on the Base Date is less than the total of the amount of security deposit for providing Funds Transfer Service and the secured amount (meaning the secured amount prescribed in Article 44 of the Act) on the immediately preceding Base Date: any amount within the limit of the amount of the relevant security deposit for providing Funds Transfer Service up to the amount that would cause the relevant total amount to decrease to the relevant Required Amount of Deposit;

(ii) if the procedure for the execution of the right under Article 59, paragraph (1) of the Act (hereinafter referred to as the "right" in this item, the following item, paragraph (3), and Article 19) has been completed with regard to the whole of the Funds Transfer Service: the amount remaining after deducting the amount of costs required for the procedure for the execution of the right from the amount of security deposit for providing Funds Transfer Service

- that has been made to a Local Deposit Office;
- (iii) if the procedure for the execution of the Right has been completed with regard to a part of the Funds Transfer Service: the amount remaining after deducting the amount of costs required for the procedure for the execution of the right and the amount of outstanding obligations in the process of funds transfer (meaning the amount of outstanding obligations in the process of funds transfer prescribed in Article 43, paragraph (2) of the Act; the same applies in item (v)) as of the day of completing the procedure for the execution of the right from the amount of security deposit for providing Funds Transfer Service that has been made to a Local Deposit Office;
  - (iv) if a Funds Transfer Service Provider intends to abolish the whole of its Funds Transfer Service and falls under the case prescribed in the following paragraph: the full amount of the security deposit for providing Funds Transfer Service that has been made to a Local Deposit Office; and
  - (v) if a Funds Transfer Service Provider intends to abolish a part of its Funds Transfer Service and falls under the case prescribed in the following paragraph: the amount remaining after deducting the amount of outstanding obligations in the process of funds transfer as of the day of coming to fall under the relevant paragraph from the amount of security deposit for providing Funds Transfer Service that has been made to a Local Deposit Office.
- (2) Cases specified by Cabinet Order as prescribed in Article 47, item (iii) of the Act are the cases in which a Funds Transfer Service Provider has given a public notice under Article 61, paragraph (3) of the Act (excluding cases in which it has given a public notice concerning the succession of the relevant business by way of assignment of business, merger or company split, or for other reasons) and has given the same notification individually to known creditors out of all creditors in relation to the obligations borne by the Funds Transfer Service Provider in relation to funds transfer transactions (Kawase transactions) that it carries out as the Funds Transfer Service it is intending to abolish, and falls under either of the following items:
- (i) if the Funds Transfer Service Provider has performed the obligations to be borne thereby in relation to funds transfer transactions (Kawase transactions) that it carries out as the Funds Transfer Service it is intending to abolish; or
  - (ii) if the Funds Transfer Service Provider is unable to perform its obligations to be borne thereby in relation to funds transfer transactions (Kawase transactions) that it carries out as the Funds Transfer Service it is intending to abolish due to grounds not attributable thereto and has given a public notice of that fact pursuant to the provisions of Cabinet Office Order, and no claims have been stated with regard to the relevant obligations from

creditors after thirty days have elapsed since the date of the relevant public notice.

- (3) Notwithstanding the provisions of the paragraph (1), a depositor may not recover any security deposit for providing Funds Transfer Service for which the procedure for the execution of the right is ongoing.

(Persons Qualified to Become Agents for Local Finance Office in the Distribution Proceedings of Security Deposit to Holders of Prepaid Payment Instruments)

Article 18 Persons specified by Cabinet Order as prescribed in Article 59, paragraph (3) of the Act are the following persons:

- (i) Deposit-taking Institutions;
- (ii) trust companies, etc.;
- (iii) if a bankruptcy proceeding has been commenced against the relevant Funds Transfer Service Provider, the bankruptcy trustee thereof;
- (iv) if a reorganization proceeding has been commenced against the relevant Funds Transfer Service Provider, the trustee thereof; and
- (v) if a rehabilitation proceeding has been commenced against the relevant Funds Transfer Service Provider, the trustee thereof (limited to cases in which a trustee has been appointed for the relevant rehabilitation proceeding).

(Procedure for the Execution of the Right pertaining to Security Deposit for Providing Funds Transfer Service)

Article 19 (1) Creditors in relation to the obligations borne by a Funds Transfer Service Provider in relation to funds transfer transactions (Kawase transactions) that it carries out may file a petition with the Commissioner of the Financial Services Agency for the execution of the right with regard to the claims in relation to the relevant obligations (excluding those for which the procedure for the execution of the right has already been completed and those pertaining to the relevant obligations to be borne in relation to funds transfer transactions (Kawase transactions) in the case prescribed in Article 17, paragraph (2) as the case in which the performance of the relevant obligations has been completed).

- (2) The Commissioner of the Financial Services Agency, when having given a public notice pursuant to the provisions of Article 59, paragraph (2) of the Act, must notify the person who filed a petition under the preceding paragraph (hereinafter referred to as "petitioner" in this Article) and the relevant Funds Transfer Service Provider (if the relevant Funds Transfer Service Provider has concluded a guarantee contract of security deposit of providing Funds Transfer Service or trust contract of security deposit of providing Funds Transfer

- Service, the relevant Funds Transfer Service Provider and the other party to these contracts; the same applies in paragraphs (4) and (5)) to that effect.
- (3) Once the public notice under Article 59, paragraph (2) of the Act is given, even in the event that the Petitioner withdraws a petition, this does not prevent the procedures for the fulfillment of the right from proceeding.
  - (4) The Commissioner of the Financial Services Agency must conduct an investigation of the right without delay after the period set forth in Article 59, paragraph (2) of the Act has elapsed. In this case, the Commissioner of the Financial Services Agency must give the petitioner, the persons who stated their claims within the relevant period, and the relevant Funds Transfer Service Provider an opportunity to produce evidence and state opinions with regard to the presence or absence of the Right and the amount of claims secured by the relevant right, by giving public notice and giving notice to the relevant Funds Transfer Service Provider of the date and the place in advance.
  - (5) The Commissioner of the Financial Services Agency, without delay, must prepare a distribution table regarding the security deposit for providing Funds Transfer Service that has been made to a Local Deposit Office by the last day of the period set forth in Article 59, paragraph (2) of the Act based on the results of the investigation under the preceding paragraph, give a public notice thereof, and give notice thereof to the relevant Funds Transfer Service Provider.
  - (6) The distribution is to be implemented in accordance with the distribution table after 110 days have elapsed from the date of the public notice under the preceding paragraph.
  - (7) If the locations of business offices of a Funds Transfer Service Provider cannot be ascertained, the Commissioner of the Financial Services Agency is not required to give notice under paragraph (2), paragraph (4), and paragraph (5) to the relevant Funds Transfer Service Provider.
  - (8) If bonds have been deposited, and the Commissioner of the Financial Services Agency finds it necessary for the execution of the right, the Commissioner of the Financial Services Agency may realize them. In this case, the costs of conversion are deducted from the conversion proceeds.
  - (9) In the cases referred to in paragraphs (5) and (6), the Commissioner of the Financial Services Agency may prepare a distribution table with regard to the amount remaining after deducting the costs of the public notice prescribed in Article 59, paragraph (2) of the Act, remuneration for the Agents for Local Finance Office in the Distribution Proceedings of Security Deposit to Holders of Prepaid Payment Instruments prescribed in paragraph (3) of the relevant Article, and other costs required for the procedure for the return of the security deposit for providing Funds Transfer Service (excluding the costs of realization under the preceding paragraph) from the amount of security deposit for

providing Funds Transfer Service prescribed in paragraph (5), and implement distribution in accordance with the relevant distribution table.

- (10) If the procedure for the execution of the right has commenced and the period prescribed in Article 59, paragraph (2) of the Act has elapsed, and the amount of security deposit for providing Funds Transfer Service prescribed in paragraph (5) exceeds the total amount of claims prescribed in paragraph (2) of the relevant Article that have been made pursuant to the provisions of the relevant paragraph, the Commissioner of the Financial Services Agency may carry out provisional distribution to the creditors relating to the relevant procedure for the execution of the right.
- (11) If carrying out provisional distribution, the Commissioner of the Financial Services Agency must promptly determine the following matters and give a public notice of determination:
- (i) the fact that provisional distribution will be carried out;
  - (ii) the maximum amount of provisional distribution per creditor or funds transfer transaction (Kawase transactions);
  - (iii) the period for requesting provisional distribution;
  - (iv) the method of provisional distribution;
  - (v) documents and other articles to be submitted or presented to the Commissioner of the Financial Services Agency when a creditor requests provisional distribution; and
  - (vi) other matters determined to be necessary by the Commissioner of the Financial Services Agency.
- (12) A person who seeks provisional distribution, pursuant to the provisions of Cabinet Office Order, must make a request for provisional distribution to the Commissioner of the Financial Services Agency within the period of request stated in the public notice given pursuant to the provisions of the preceding paragraph; provided, however, that this does not apply to the cases of a natural disaster or cases in which the Commissioner of the Financial Services Agency finds compelling reason regarding its failure to make a request within the period of request.
- (13) The amount of distribution under paragraph (6) if the creditors pertaining to the procedure for the execution of the right have received provisional distribution under paragraph (10) in the course of the relevant procedure for the execution of the right is an amount equivalent to the amount remaining after deducting the amount of the relevant provisional distribution (excluding the amount to be paid to the Treasury pursuant to the provisions of the following paragraph).
- (14) If the amount of provisional distribution under paragraph (10) received by a creditor pertaining to the procedure for the execution of the right exceeds the amount of distribution under paragraph (6), the creditor pays the excess

amount to the Treasury.

(Replacement of Terms of the Provisions of the Companies Act as Applied Mutatis Mutandis to Cases in which a Funds Transfer Service Provider Gives a Public Notice of Abolition of the Funds Transfer Service by Way of Electronic Public Notice)

Article 20 If the public notice prescribed in Article 61, paragraph (3) of the Act is given by way of Electronic Public Notice (meaning the electronic public notice prescribed in Article 2, item (xxxiv) of the Companies Act), the technical replacement of terms pertaining to the provisions of the Companies Act as applied mutatis mutandis pursuant to Article 61, paragraphs (6) and (7) of the Act required by the provisions of paragraphs (6) and (7) of the relevant Article is as follows:

Provisions of the Companies Act Requiring Replacement of Terms	Terms to be replaced	Terms to replace
Article 940(3) (excluding items thereof)	the preceding two paragraphs	paragraph (1)
	these provisions	the provisions of the relevant paragraph

### **Chapter III-2 Virtual Currency**

(Persons Equivalent to Persons Who Were Directors, etc. of a Corporation Whose Registration for the Virtual Currency Exchange Service has been Rescinded)

Article 20-2 The person specified by Cabinet Order as prescribed in Article 63-5, paragraph (1), item (x), (e) of the Act is any director, executive officer, accounting advisor, company auditor or any other person equivalent thereto whose dismissal was ordered pursuant to the provisions of laws and regulations of a foreign state equivalent to the Act, if five years have not passed since the day on which the director, executive officer, accounting advisor, company auditor or any other person equivalent thereto received the relevant disposition.

(Replacement of Terms of the Provisions of the Companies Act as Applied Mutatis Mutandis to Cases in which a Virtual Currency Exchange Service Provider Gives a Public Notice of Abolition of the Virtual Currency Exchange Service by Way of Electronic Public Notice)

Article 20-3 If the public notice prescribed in Article 63-20, paragraph (3) of the

Act is given by way of electronic public notice (meaning the electronic public notice prescribed in Article 2, item (xxxiv) of the Companies Act), the technical replacement of terms pertaining to the provisions of the Companies Act as applied mutatis mutandis pursuant to Article 63-20, paragraphs (6) and (7) of the Act required by the provisions of paragraphs (6) and (7) of the relevant Article is as follows:

Provisions of the Companies Act Requiring Replacement of Terms	Terms to be replaced	Terms to replace
Article 940(3) (excluding items thereof)	the preceding two paragraphs	paragraph (1)
	these provisions	the provisions of the relevant paragraph

#### **Chapter IV Clearing for Funds Transfer Transactions**

(Persons Equivalent to Persons Who Were Directors of a Corporation Whose License for the Central Counter-party Clearing Services for Interbank Funds Transfer has been Rescinded)

Article 21 Persons specified by Cabinet Order as prescribed in Article 66, paragraph (2), item (iv), (e) of the Act are the following persons:

- (i) a person who was a director, executive officer, accounting advisor, company auditor or any other person equivalent there to, or representative person in Japan of a corporation at any time during the thirty days prior to the date of a rescission, if the relevant corporation has had a registration under Article 37 of the Act rescinded pursuant to the provisions of Article 56, paragraph (1) or (2) of the Act, and five years have not passed since that date;
- (ii) a person who was a director (including a representative person in Japan who is deemed to be a director under Article 47, paragraph (2) of the relevant Act), executive officer, accounting advisor, company auditor, or any other person equivalent thereto of a corporation at any time during the thirty days prior to the date of a rescission, if the relevant corporation has had a license under Article 4, paragraph (1) of the Banking Act rescinded pursuant to the provisions of Article 27 or Article 28 of the relevant Act, had a authorization under Article 52-9, paragraph (1) of the relevant Act or the proviso to paragraph (2) of the relevant Article rescinded pursuant to the provisions of Article 52-15, paragraph (1) of the relevant Act, had an authorization under Article 52-17, paragraph (1) of the relevant Act or the proviso to paragraph (3) of the relevant Article rescinded pursuant to the provisions of Article 52-

- 34, paragraph (1) of the relevant Act, or had a permission under Article 52-36, paragraph (1) of the relevant Act rescinded pursuant to the provisions of Article 52-56, paragraph (1) of the relevant Act; and if five years have not passed since that date;
- (iii) a person who was a director, executive officer, accounting advisor, or company auditor of a corporation at any time during the thirty days prior to the date of a rescission, if the relevant corporation has had a license under Article 4, paragraph (1) of the Long-Term Credit Bank Act rescinded pursuant to the provisions of Article 27 or Article 28 of the Banking Act as applied mutatis mutandis pursuant to Article 17 of the Long-Term Credit Bank Act, had an authorization under Article 16-2-2, paragraph (1) of the Long-Term Credit Bank Act or the proviso to paragraph (2) of the relevant Article rescinded pursuant to the provisions of Article 52-15, paragraph (1) of the Banking Act as applied mutatis mutandis pursuant to Article 17 of the Long-Term Credit Bank Act, had an authorization under Article 16-2-4, paragraph (1) of the Long-Term Credit Bank Act or the proviso to paragraph (3) of the relevant Article rescinded pursuant to the provisions of Article 52-34, paragraph (1) of the Banking Act as applied mutatis mutandis pursuant to Article 17 of the Long-Term Credit Bank Act, or had a permission under Article 16-5, paragraph (1) of the Long-Term Credit Bank Act rescinded pursuant to the provisions of Article 52-56, paragraph (1) of the Banking Act as applied mutatis mutandis pursuant to Article 17 of the Long-Term Credit Bank Act, and; if five years have not passed since that date;
- (iv) a person who was a board member or auditor of a corporation at any time during the thirty days prior to the date of a rescission, if the relevant corporation has had a license under Article 4 of the Credit Association Act rescinded pursuant to the provisions of Article 27 or Article 28 of the Banking Act as applied mutatis mutandis pursuant to Article 89, paragraph (1) of the Credit Association Act or had a permission under Article 85-2, paragraph (1) of the Credit Association Act rescinded pursuant to the provisions of Article 52-56, paragraph (1) of the Banking Act as applied mutatis mutandis pursuant to Article 89, paragraph (5) of the Credit Association Act; and if five years have not passed since that date;
- (v) a person who was a board member or auditor of the a corporation at any time during the thirty days prior to the date of a rescission, if the relevant corporation has had a license under Article 6 of the Labor Credit Association Act rescinded pursuant to the provisions of Article 95 of the relevant Act or had a permission under Article 89-3, paragraph (1) of the relevant Act rescinded pursuant to the provisions of Article 52-56, paragraph (1) of the Banking Act as applied mutatis mutandis pursuant to Article 94, paragraph (3) of the Labor Credit Association Act; and if five years have not passed

- since that date;
- (vi) a person who was a board member or auditor of a corporation at any time during the thirty days prior to the date of a rescission (in the case of a dissolution order, the day on which the relevant dissolution order was issued; the same applies hereinafter in this item through item (ix)), if the relevant corporation has received a dissolution order under Article 106, paragraph (2) of the Small and Medium Sized Enterprises, etc. Cooperatives Act, had an authorization under Article 3, paragraph (1) of the Act on Financial Business by Cooperatives rescinded pursuant to the provisions of Article 27 or Article 28 of the Banking Act as applied mutatis mutandis pursuant to Article 6, paragraph (1) of the Act on Financial Business by Cooperatives or had a permission under Article 6-3, paragraph (1) of the relevant Act rescinded pursuant to the provisions of Article 52-56, paragraph (1) of the Banking Act as applied mutatis mutandis pursuant to Article 6-5, paragraph (1) of the Act on Financial Business by Cooperatives; and if five years have not passed since that date;
  - (vii) a person who was a board member or auditor of a corporation at any time during the thirty days prior to the date of a rescission, if the relevant corporation has had a permission under Article 92-2, paragraph (1) of the Agricultural Cooperatives Act rescinded pursuant to the provisions of Article 52-56, paragraph (1) of the Banking Act as applied mutatis mutandis pursuant to Article 92-4, paragraph (1) of the Agricultural Cooperatives Act or an agricultural cooperative or federation of agricultural cooperative has received a dissolution order under Article 95-2 of the relevant Act; and if five years have not passed since that date;
  - (viii) a person who was a board member or auditor of a corporation at any time during the thirty days prior to the date of a rescission, if the relevant corporation has had a permission under Article 121-2, paragraph (1) of the Fisheries Cooperatives Act rescinded pursuant to the provisions of Article 52-56, paragraph (1) of the Banking Act as applied mutatis mutandis pursuant to Article 121-4, paragraph (1) of the Fisheries Cooperatives Act or a fisheries cooperative, federation of fisheries cooperatives, fishery processing cooperative, or federation of fishery processing cooperatives has received a dissolution order under Article 124-2 of the relevant Act; and if five years have not passed since that date;
  - (ix) a person who was a board member, management committee member or auditor of a corporation at any time during the thirty days prior to the date of a rescission, if the relevant corporation has had a permission under Article 95-2, paragraph (1) of the Norinchukin Bank Act rescinded pursuant to the provisions of Article 52-56, paragraph (1) of the Banking Act as applied mutatis mutandis pursuant to Article 95-4, paragraph (1) of the Norinchukin

- Bank Act or received a dissolution order under Article 86 of the relevant Act; and if five years have not passed since that date;
- (x) a person who was a director, executive officer, accounting advisor, or company auditor of a corporation at any time during the thirty days prior to the date of a rescission, if the relevant corporation has had an authorization under Article 8, paragraph (1) of the Shoko Chukin Bank Limited Act or the proviso to paragraph (2) of the relevant Article rescinded pursuant to the provisions of Article 13, paragraph (1) of the relevant Act and five years have not passed since that date;
- (xi) a person who was a director, executive officer, accounting advisor, company auditor, or any other person equivalent thereto of a corporation at any time during the thirty days prior to the date of a rescission (in the case of a dissolution order, the day on which the relevant dissolution order was issued, and in the case of a refusal of renewal, the day on which the relevant disposition of the refusal of renewal was made; hereinafter the same applies in this item), if the relevant corporation had received a license, permission, authorization, or registration (including other administrative dispositions similar to the relevant license, permission, authorization, or registration; hereinafter the same applies in this item) of the same kind as the license, permission, authorization, or registration prescribed in item (i) through the preceding item in a foreign state, but that corporation has had the relevant license, permission, authorization, or registration of the same kind rescinded, had the renewal of the relevant license, permission, authorization, or registration refused, or received a dissolution order, pursuant to the provisions of laws and regulations of the relevant foreign state equivalent to the Act, the Banking Act, the Long-Term Credit Bank Act, the Credit Association Act, the Labor Credit Association Act, the Small and Medium Sized Enterprises, etc. Cooperatives Act, the Act on Financial Business by Cooperatives, the Agricultural Cooperatives Act, the Fisheries Cooperatives Act, the Norinchukin Bank Act, or the Shoko Chukin Bank Limited Act; and if five years have not passed since that date;
- (xii) a person who has had an authorization under Article 52-9, paragraph (1) of the Banking Act or the proviso to paragraph (2) of the relevant Article rescinded pursuant to the provisions of Article 52-15, paragraph (1) of the relevant Act, had an authorization under Article 16-2-2, paragraph (1) of the Long-Term Credit Bank Act or the proviso to paragraph (2) of the relevant Article rescinded pursuant to the provisions of Article 52-15, paragraph (1) of the Banking Act as applied mutatis mutandis pursuant to Article 17 of the Long-Term Credit Bank Act or had an authorization under Article 8, paragraph (1) of the Shoko Chukin Bank Limited Act or the proviso to paragraph (2) of the relevant Article rescinded pursuant to the provisions of

Article 13, paragraph (1) of the relevant Act, if five years have not passed since the date of the rescission;

(xiii) a person who has had a permission under Article 52-36, paragraph (1) of the Banking Act rescinded pursuant to the provisions of Article 52-56, paragraph (1) of the relevant Act, had a permission under Article 16-5, paragraph (1) of the Long-Term Credit Bank Act rescinded pursuant to the provisions of Article 52-56, paragraph (1) of the Banking Act as applied mutatis mutandis pursuant to Article 17 of the Long-Term Credit Bank Act, had a permission under Article 85-2, paragraph (1) of the Credit Association Act rescinded pursuant to the provisions of Article 52-56, paragraph (1) of the Banking Act as applied mutatis mutandis pursuant to Article 89, paragraph (5) of the Credit Association Act, had a permission under Article 89-3, paragraph (1) of the Labor Credit Association Act rescinded pursuant to the provisions of Article 52-56, paragraph (1) of the Banking Act as applied mutatis mutandis pursuant to Article 94, paragraph (3) of the Labor Credit Association Act, had a permission under Article 6-3, paragraph (1) of the Act on Financial Business by Cooperatives rescinded pursuant to the provisions of Article 52-56, paragraph (1) of the Banking Act as applied mutatis mutandis pursuant to Article 6-5, paragraph (1) of the Act on Financial Business by Cooperatives, had a permission under Article 92-2, paragraph (1) of the Agricultural Cooperatives Act rescinded pursuant to the provisions of Article 52-56, paragraph (1) of the Banking Act as applied mutatis mutandis pursuant to Article 92-4, paragraph (1) of the Agricultural Cooperatives Act, had a permission under Article 121-2, paragraph (1) of the Fisheries Cooperatives Act rescinded pursuant to the provisions of Article 52-56, paragraph (1) of the Banking Act as applied mutatis mutandis pursuant to Article 121-4, paragraph (1) of the Fisheries Cooperatives Act or had a permission under Article 95-2, paragraph (1) of the Norinchukin Bank Act rescinded pursuant to the provisions of Article 52-56, paragraph (1) of the Banking Act as applied mutatis mutandis pursuant to Article 95-4, paragraph (1) of the Norinchukin Bank Act, if five years have not passed since the date of the rescission;

(xiv) a person who had received an authorization or permission rescinded of the same kind as the authorization or permission under Article 52-9, paragraph (1) of the Banking Act or the proviso to paragraph (2) of the relevant Article or Article 52-36, paragraph (1) of the relevant Act in a foreign state, but has had the relevant authorization or permission of the same kind rescinded or had the renewal of the relevant authorization or permission refused, pursuant to the provisions of laws and regulations of the relevant foreign state equivalent to the Banking Act if five years have not passed since the date of the rescission (in the case of a refusal of renewal, the day on which

- the person received the relevant disposition);
- (xv) a director, executive officer, accounting advisor or company auditor, or board member or auditor whose dismissal was ordered pursuant to the provisions of Article 67, paragraph (3) or Article 82, paragraph (2) of the Act, if five years have not passed since the day on which the director, executive officer, accounting advisor or company auditor, or board member or auditor received the relevant disposition;
  - (xvi) a director (including a representative person in Japan who is deemed to be a director under Article 47, paragraph (2) of the Banking Act), executive officer, accounting advisor or company auditor whose dismissal was ordered pursuant to the provisions of Article 27 or Article 52-34, paragraph (1) of the relevant Act, if five years have not passed since the day on which the director, executive officer, accounting advisor or company auditor received the relevant disposition; or an officer whose dismissal was ordered pursuant to the provisions of Article 52-56, paragraph (2) of the relevant Act, if five years have not passed since the day on which the officer received the relevant disposition;
  - (xvii) a director, executive officer, accounting advisor or company auditor whose dismissal was ordered pursuant to the provisions of Article 27 or Article 52-34, paragraph (1) of the Banking Act as applied mutatis mutandis pursuant to Article 17 of the Long-Term Credit Bank Act, if five years have not passed since the day on which the director, executive officer, accounting advisor or company auditor received the relevant disposition; or an officer whose dismissal was ordered pursuant to the provisions of Article 52-56, paragraph (2) of the Banking Act as applied mutatis mutandis pursuant to Article 17 of the Long-Term Credit Bank Act, if five years have not passed since the day on which the officer received the relevant disposition;
  - (xviii) a board member or auditor whose dismissal was ordered pursuant to the provisions of Article 27 of the Banking Act as applied mutatis mutandis pursuant to Article 89, paragraph (1) of the Credit Association Act, if five years have not passed since the day on which the board member or auditor received the relevant disposition; or an officer whose dismissal was ordered pursuant to the provisions of Article 52-56, paragraph (2) of the Banking Act as applied mutatis mutandis pursuant to Article 89, paragraph (3) of the Credit Association Act, if five years have not passed since the day on which the officer received the relevant disposition;
  - (xix) a board member or auditor whose replacement was ordered pursuant to the provisions of Article 95, paragraph (1) of the Labor Credit Association Act, if five years have not passed since the day on which the board member or auditor received the relevant disposition ; or an officer whose dismissal was ordered pursuant to the provisions of Article 52-56, paragraph (2) of the

- Banking Act as applied mutatis mutandis pursuant to Article 94, paragraph (3) of the Labor Credit Association Act, if five years have not passed since the day on which the officer received the relevant disposition;
- (xx) a board member or auditor whose dismissal was ordered pursuant to the provisions of Article 27 of the Banking Act as applied mutatis mutandis pursuant to Article 6, paragraph (1) of the Act on Financial Business by Cooperatives, if five years have not passed since the day on which the board member or auditor received the relevant disposition; or an officer whose dismissal was ordered pursuant to the provisions of Article 52-56, paragraph (2) of the Banking Act as applied mutatis mutandis pursuant to Article 6-5, paragraph (1) of the Act on Financial Business by Cooperatives, if five years have not passed since the day on which the officer received the relevant disposition;
- (xxi) an officer whose dismissal was ordered pursuant to the provisions of Article 52-56, paragraph (2) of the Banking Act as applied mutatis mutandis pursuant to Article 92-4, paragraph (1) of the Agricultural Cooperatives Act, if five years have not passed since the day on which the officer received the relevant disposition; or an officer whose reselection was ordered pursuant to the provisions of Article 95, paragraph (2) of the relevant Act, if five years have not passed since the day on which the officer received the relevant disposition;
- (xxii) an officer whose dismissal was ordered pursuant to the provisions of Article 52-56, paragraph (2) of the Banking Act as applied mutatis mutandis pursuant to Article 121-4, paragraph (1) of the Fisheries Cooperatives Act, if five years have not passed since the day on which the officer received the relevant disposition; or an officer whose reselection was ordered pursuant to the provisions of Article 124, paragraph (2) of the relevant Act, if five years have not passed since the day on which the officer received the relevant disposition;
- (xxiii) an officer whose dismissal was ordered pursuant to the provisions of Article 52-56, paragraph (2) of the Banking Act as applied mutatis mutandis pursuant to Article 95-4, paragraph (1) of the Norinchukin Bank Act, if five years have not passed since the day on which the officer received the relevant disposition; or a board member, management committee member, or auditor whose dismissal was ordered pursuant to the provisions of Article 86 of the relevant Act, if five years have not passed since the day on which the board member, management committee member or auditor received the relevant disposition;
- (xxiv) a director, executive officer, accounting advisor, or company auditor whose dismissal was ordered pursuant to the provisions of Article 60 of the Shoko Chukin Bank Limited Act, if five years have not passed since the day

on which the director, executive officer, accounting advisor or company auditor received the relevant disposition; and  
(xxv) a director, executive officer, accounting advisor, company auditor, or any other person equivalent thereto whose dismissal was ordered pursuant to the provisions of laws and regulations of a foreign state equivalent to the Act, the Banking Act, the Long-Term Credit Bank Act, the Credit Association Act, the Labor Credit Association Act, the Small and Medium Sized Enterprises, etc. Cooperatives Act, the Act on Financial Business by Cooperatives, the Agricultural Cooperatives Act, the Fisheries Cooperatives Act, the Norinchukin Bank Act, or the Shoko Chukin Bank Limited Act, if five years have not passed since the day on which the director, executive officer, accounting advisor, company auditor, or any other person equivalent thereto received the relevant disposition.

(Minimum Amount of Net Assets pertaining to Dividends of Surplus)

Article 22 The amount specified by Cabinet Order as prescribed in Article 458 of the Companies Act as applied pursuant to Article 68, paragraph (2) of the Act following the deemed replacement of terms is two billion yen.

#### **Chapter V Certified Association for Payment Service Providers**

Article 23 (1) An application for certification under Article 87 of the Act is made by submitting a written application containing the following particulars to the Commissioner of the Financial Services Agency:

- (i) name;
- (ii) location of the office; and
- (iii) names of officers and names of members.

(2) The articles of incorporation, a certificate of registered matters, and other documents specified by Cabinet Office Order must be attached to the written application set forth in the preceding paragraph.

#### **Chapter VI Designated Dispute Resolution Organization**

(Designation under the Provisions of Other Acts pertaining to a Business Equivalent to the Business of Dispute Resolution)

Article 24 Designations specified by Cabinet Order as prescribed in Article 52-66 and Article 52-83, paragraph (3) of the Banking Act as applied mutatis mutandis pursuant to Article 99, paragraph (1), items (ii) and (iv), (d) and Article 101, paragraph (1) of the Act (hereinafter referred to as the "Banking Act as applied mutatis mutandis" in this Chapter) following the deemed replacement of terms are those specified in the following items:

- (i) designation under the provisions of Article 156-39, paragraph (1) of the Financial Instruments and Exchange Act (Act No. 25 of 1948); and
- (ii) designations listed in the items of Article 26.

(Proportion of the Number of Funds Transfer Service Providers, etc. who Stated an Objection to the Total Number of Funds Transfer Service Providers, etc.)

Article 25 A proportion specified by Cabinet Order as prescribed in Article 99, paragraph (1), item (viii) of the Act is one-third.

(Exclusion from Application of the Restriction on Use of Names)

Article 26 Persons specified by Cabinet Order as prescribed in Article 52-77 of the Banking Act as applied mutatis mutandis are those who have received any of the following designations:

- (i) designation under the provisions of Article 35-2, paragraph (1) of the Mutual Loan Business Act (Act No. 42 of 1931);
- (ii) designation under the provisions of Article 12-2, paragraph (1) of the Act on Concurrent Operation of Trust Business by a Financial Institution (Act No. 43 of 1943);
- (iii) designation under the provisions of Article 92-6, paragraph (1) of the Agricultural Cooperatives Act;
- (iv) designation under the provisions of Article 121-6, paragraph (1) of the Fisheries Cooperatives Act;
- (v) designation under the provisions of Article 69-2, paragraph (1) of the Small and Medium Sized Enterprises, etc. Cooperatives Act;
- (vi) designation under the provisions of Article 85-4, paragraph (1) of the Credit Association Act;
- (vii) designation under the provisions of Article 16-8, paragraph (1) of the Long-Term Credit Bank Act;
- (viii) designation under the provisions of Article 89-5, paragraph (1) of the Labor Credit Association Act;
- (ix) designation under the provisions of Article 52-62, paragraph (1) of the Banking Act;
- (x) designation under the provisions of Article 41-39, paragraph (1) of the Money Lending Business Act (Act No. 32 of 1983);
- (xi) designation under the provisions of Article 308-2, paragraph (1) of the Insurance Business Act;
- (xii) designation under the provisions of Article 95-6, paragraph (1) of the Norinchukin Bank Act; and
- (xiii) designation under the provisions of Article 85-2, paragraph (1) of the Trust Business Act (Act No. 154 of 2004).

## Chapter VII Miscellaneous Provisions

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

Article 27 Authority specified by Cabinet Order as prescribed in Article 104, paragraph (1) of the Act pertains to the following matters:

- (i) granting of a license under Article 64, paragraph (1) of the Act;
- (ii) rescission of the license under Article 64, paragraph (1) of the Act pursuant to the provisions of Article 82, paragraph (1) or (2) of the Act; and
- (iii) notification of the dispositions set forth in Article 85, item (i) or (ii) of the Act to the Minister of Finance pursuant to the provisions of the relevant Article.

(Delegation of Authority pertaining to Prepaid Payment Instruments to the Directors-General of Local Finance Bureaus)

Article 28 (1) The authority under the provisions of Chapter II of the Act that has been delegated to the Commissioner of the Financial Services Agency pursuant to the provisions of Article 104, paragraph (1) of the Act and the authority of the Commissioner of the Financial Services Agency under the provisions of Chapter II (collectively referred to as "commissioner authority" in paragraph (4)) is delegated to the Director-General of the Local Finance Bureau having jurisdiction over the location of the principal business office or office (hereinafter referred to as the "principal business office, etc." in this Article) of an Issuer of Prepaid Payment Instruments (including a corporation intending to obtain registration under Article 7 of the Act) (or to the Director General of the Fukuoka Local Finance Branch Bureau in the case in which the relevant location is within the jurisdiction of the Fukuoka Local Finance Branch Bureau); provided, however, that this does not preclude the Commissioner of the Financial Services Agency from exercising the authority under the provisions of Article 24, paragraphs (1) and (2) of the Act (including cases in which these provisions are applied pursuant to Article 6, Article 8, paragraph (2), or Article 9, paragraph (3) of the Supplementary Provisions of the Act; the same applies in the following paragraph) themselves.

(2) Collection of report or material, or ,on-site inspection or inquiries under Article 24, paragraphs (1) and (2) of the Act (referred to as "inspection, etc." in the following paragraph) pertaining to business offices or offices of an Issuer of Prepaid Payment Instruments other than its principal business office, etc. (hereinafter referred to as "secondary business offices, etc." in this Article) may also be conducted by the Directors-General of the Local Finance Bureaus having jurisdiction over the locations of the relevant secondary business offices,

etc. (or by the Director General of the Fukuoka Local Finance Branch Bureau in the case in which the relevant location is within the jurisdiction of the Fukuoka Local Finance Branch Bureau) beyond the Director-General of the Local Finance Bureau and the Director General of the Fukuoka Local Finance Branch Bureau prescribed in the preceding paragraph.

- (3) The Director-General of a Local Finance Bureau or the Director General of the Fukuoka Local Finance Branch Bureau who conducted inspection, etc. under the preceding paragraph for certain secondary business offices, etc. of an Issuer of Prepaid Payment Instruments may conduct inspection, etc. for secondary business offices, etc. of the relevant Issuer of Prepaid Payment Instruments other than its principal business office, etc. or the relevant secondary business offices, etc., if the director-general finds it necessary.
- (4) The provisions of the preceding three paragraphs do not apply to the commissioner authority designated by the Commissioner of the Financial Services Agency within the scope of the commissioner authority.
- (5) If the Commissioner of the Financial Services Agency has made a designation under the preceding paragraph, the commissioner is to give a public notice to that effect. The same applies if the commissioner has abolished or changed the relevant designation.

(Delegation of Authority pertaining to the Funds Transfer Service to the Directors-General of Local Finance Bureaus)

Article 29 (1) The authority under the provisions of Chapter III of the Act that has been delegated to the Commissioner of the Financial Services Agency pursuant to the provisions of Article 104, paragraph (1) of the Act and the authority of the Commissioner of the Financial Services Agency under the provisions of Chapter III (collectively referred to as "commissioner authority" in paragraph (4)) is to be delegated to the Director-General of the Local Finance Bureau having jurisdiction over the location of the head office of a Funds Transfer Service Provider (including a person intending to obtain registration under Article 37 of the Act) (in the case of a Funds Transfer Service Provider that is a Foreign Funds Transfer Service Provider prescribed in Article 2, paragraph (4) of the Act, the principal business office in Japan; the same applies in this Article) (or to the Director General of the Fukuoka Local Finance Branch Bureau in the case in which the relevant location is within the jurisdiction of the Fukuoka Local Finance Branch Bureau); provided, however, that this does not preclude the Commissioner of the Financial Services Agency from exercising the authority under the provisions of Article 54, paragraphs (1) and (2) of the Act themselves.

- (2) Collection of report or material or on-site inspection or inquiries under Article 54, paragraphs (1) and (2) of the Act (referred to as "inspection, etc." in the

following paragraph) pertaining to business offices of a Funds Transfer Service Provider other than its head office (hereinafter referred to as "branches" in this Article) may also be conducted by the Directors-General of the Local Finance Bureaus having jurisdiction over the locations of the relevant branches (or by the Director General of the Fukuoka Local Finance Branch Bureau in the case in which the relevant location is within the jurisdiction of the Fukuoka Local Finance Branch Bureau) beyond the Director-General of the Local Finance Bureau and the Director General of the Fukuoka Local Finance Branch Bureau prescribed in the preceding paragraph.

- (3) The Director-General of a Local Finance Bureau or the Director General of the Fukuoka Local Finance Branch Bureau who conducted inspection, etc. under the preceding paragraph for certain branches of a Funds Transfer Service Provider may conduct inspection, etc. for branches of the relevant Funds Transfer Service Provider other than its head office or the relevant branches, if the director-general finds it necessary.
- (4) The provisions of the preceding three paragraphs do not apply to the commissioner authority designated by the Commissioner of the Financial Services Agency within the scope of the commissioner authority.
- (5) If the Commissioner of the Financial Services Agency has made a designation under the preceding paragraph, the commissioner is to give a public notice to that effect. The same applies if the commissioner has abolished or changed the relevant designation.

(Delegation of Authority pertaining to the Virtual Currency Exchange Service to the Directors-General of Local Finance Bureaus)

Article 30 (1) The authority under the provisions of Chapter III-2 of the Act that has been delegated to the Commissioner of the Financial Services Agency pursuant to the provisions of Article 104, paragraph (1) of the Act (referred to as "commissioner authority" in paragraph (4)) is to be delegated to the Director-General of the Local Finance Bureau having jurisdiction over the location of the head office of a Virtual Currency Exchange Service Provider (including a person intending to obtain registration under Article 63-2 of the Act) (in the case of a Virtual Currency Exchange Service Provider that is a Foreign Virtual Currency Exchange Service Provider prescribed in Article 2, paragraph (9) of the Act, the principal business office in Japan; hereinafter the same applies in this Article) (or to the Director General of the Fukuoka Local Finance Branch Bureau in the case in which the relevant location is within the jurisdiction of the Fukuoka Local Finance Branch Bureau); provided, however, that this does not preclude the Commissioner of the Financial Services Agency from exercising the authority under the provisions of Article 63-15, paragraphs (1) and (2) of the Act (including the cases in which these provisions are applied

pursuant to the provisions of Article 8, paragraph (2) of the Supplementary Provisions of the Act Partially Amending the Banking Act, etc. for Responding to the Advancement of Information and Communications Technology and Other Environmental Changes (Act No. 62 of 2016)); the same applies in the following paragraph).

- (2) Collection of reports or materials or on-site inspection or inquiries under Article 63-15, paragraphs (1) and (2) of the Act (referred to as "inspection, etc." in the following paragraph) pertaining to business offices of a Virtual Currency Exchange Service Provider other than its head office (hereinafter referred to as "branches" in this Article) may also be conducted by the Directors-General of the Local Finance Bureaus having jurisdiction over the locations of the relevant branches (or by the Director General of the Fukuoka Local Finance Branch Bureau in the case in which the relevant location is within the jurisdiction of the Fukuoka Local Finance Branch Bureau) beyond the Director-General of the Local Finance Bureau and the Director General of the Fukuoka Local Finance Branch Bureau prescribed in the preceding paragraph.
- (3) The Director-General of a Local Finance Bureau or the Director General of the Fukuoka Local Finance Branch Bureau who conducted inspection, etc. under the preceding paragraph for certain branches of a Virtual Currency Exchange Service Provider may conduct inspection, etc. for branches of the relevant Funds Transfer Service Provider other than its head office or the relevant Branches, if the director-general finds it necessary.
- (4) The provisions of the preceding three paragraphs do not apply to the commissioner authority designated by the Commissioner of the Financial Services Agency within the scope of the commissioner authority.
- (5) If the Commissioner of the Financial Services Agency has made a designation under the preceding paragraph, the commissioner is to give a public notice to that effect. The same applies if the commissioner has abolished or changed the relevant designation.