

# Regulation for Enforcement of the Secured Bond Trust Act

(Cabinet Office Order No. 48 of July 13, 2007)

Pursuant to the provisions of the Secured Bond Trust Act (Act No. 52 of 1905) and the Order for Enforcement of the Secured Bond Trust Act (Cabinet Order No. 51 of 2002) and in order to enforce that Act and Order, the Cabinet Office Order amending the entirety of the Detailed Regulation for Enforcement of the Secured Bond Trust Act (Ministry of Finance Order No. 35 of 1905) is hereby established as follows.

(Application for License of Trust Company)

- Article 1 (1) A company that intends to obtain the license referred to in Article 3 of the Secured Bond Trust Act (hereinafter referred to as the "Act") must submit a written application for license with the following documents attached thereto, to the Prime Minister via the Commissioner of the Financial Services Agency:
- (i) a written statement of reasons;
  - (ii) the articles of incorporation;
  - (iii) a certificate of registered information;
  - (iv) the recent daily cash count sheet;
  - (v) a document stating the location of business offices (or offices in the case of the financial institutions set forth in Article 2, items (iii) through (xv) of the Order for Enforcement of the Act on Engagement in Trust Business Activities by Financial Institutions (Cabinet Order No. 31 of 1993) (hereinafter referred to as "financial institutions"));
  - (vi) a document stating the expected income and expenditure, etc. for the first three business years after the commencement of the operations (or the business in the case of a financial institution); and
  - (vii) any other documents containing information that should serve as a reference in conducting the examination prescribed in the following Article.
- (2) Beyond the documents prescribed in the preceding paragraph, a stock company must attach a document stating the names or trade names of the shareholders and the number of shares held by each shareholder and minutes of its organizational meeting (if a resolution is deemed to have been made at an organizational meeting pursuant to the provisions of Article 82, paragraph (1) of the Companies Act (Act No. 86 of 2005), a document evidencing that the relevant case falls under that case).
- (3) If a company other than a trust company (meaning the trust company

prescribed in Article 1 of the Act; the same applies hereinafter) intends to obtain a business license under the provisions of Article 3 of the Act in order to engage in the trust business relating to secured bonds by changing its former purpose, it must attach the following documents in addition to the documents set forth in the items of paragraph (1) to a written application for license:

- (i) minutes of a shareholders meeting (or a general meeting of members or general meeting of representative members in the case of a financial institution) regarding a change of the company's purpose (if a resolution is deemed to have been made at a shareholders meeting pursuant to the provisions of the Companies Act, a document evidencing that the relevant case falls under that case; the same applies hereinafter) or a document evidencing that all members have given consent to the change (if it is otherwise provided for in the articles of incorporation, a document evidencing that the procedure under the relevant provisions has been performed; the same applies hereinafter);
- (ii) a document sufficient to know the nature of the transactions that are actually being conducted at the time of the application for license;
- (iii) the latest balance sheet (including the relevant notes; the same applies hereinafter);
- (iv) the latest profit and loss statement (including the relevant notes; the same applies hereinafter); and
- (v) the latest statement of changes in net assets (in the case of a financial institution, meaning the latest proposed appropriation of surplus or proposed disposition of loss, and including the relevant notes; the same applies hereinafter) or statement of changes in net assets of a membership company (including the relevant notes; the same applies hereinafter).

Article 2 When an application under the provisions of the preceding Article is filed, the Prime Minister must examine whether the application conforms to the following requirements:

- (i) that the recent status of business, property, and profit and loss of the applicant is favorable and is expected to continue to be favorable after the commencement of the trust business; and
- (ii) that the applicant is found to be capable of performing the trust business in an appropriate, fair, and efficient manner and has sufficient social credibility, in light of factors such as the status of securing officers (meaning directors, executive officers accounting advisors (if any accounting advisor is a corporation, including a member who is to perform its duties), company auditors, or any other person holding a position similar thereto; the same applies hereinafter), members in charge of executing the business or employees who have sufficient knowledge and experience relevant to the

trust business, and systems for business management.

(Parent Corporation, or Affiliated Corporation)

Article 3 (1) What is specified by Cabinet Office Order as prescribed in Article 2, paragraph (3) of the Order for Enforcement of the Secured Bond Trust Act (hereinafter referred to as the "Order") is any of the following corporations, etc. (meaning the corporation, etc. prescribed in that paragraph; hereinafter the same applies in this Article); provided, however, that this does not apply if it is found that a corporation, etc. clearly does not control a decision-making organ (meaning the decision-making organ prescribed in that paragraph; hereinafter the same applies in this paragraph) of another corporation, in light of their financial, operational or business relationship:

- (i) a corporation, etc. which holds, on its own account, the majority of the voting rights of another corporation, etc. (excluding another corporation, etc. that has received an order of commencement of bankruptcy proceedings, order of commencement of rehabilitation proceedings, or order of commencement of reorganization proceedings, or any other corporation, etc. equivalent thereto, which is found to have no effective parent-subsidary relationship with the relevant corporation, etc.; hereinafter the same applies in this paragraph);
- (ii) a corporation, etc. which holds, on its own account, not less than 40 percent but not more than 50 percent of the voting rights of another corporation, etc. and satisfies any of the following requirements:
  - (a) that the voting rights held by the relevant corporation, etc. on its own account, and the voting rights held by any persons having a close relationship with the relevant corporation, etc. in terms of contribution, personnel affairs, funds, technology, transactions, etc. who are likely to exercise their voting rights in concert with the intention of the relevant corporation, etc. and those voting rights held by any persons who have given their consent to exercising their voting rights in concert with the intention of the relevant corporation, etc., when combined, constitute the majority of the voting rights of the other corporation, etc.; or
  - (b) that persons who are or were officers, members in charge of executing the business, or employees of the relevant corporation, etc., on whom the relevant corporation, etc. is able to exert an influence in connection with their decisions on financial and operational or business policies of the other corporation, etc. constitute the majority of the members of the board of directors or any other organ equivalent thereto of the other corporation, etc.;
  - (c) that there is a contract, etc. between the relevant corporation, etc. and the other corporation, etc. under which the relevant corporation, etc. controls

- significant financial and operational or business policies of the other corporation, etc.;
- (d) that the relevant corporation, etc. finances (including guarantee of debts and provision of collateral; hereinafter the same applies in this paragraph and the following paragraph) more than half of the total amount of the procured funds (limited to the amount recorded in the liabilities section of the balance sheet) of the other corporation, etc. (including cases where the amount financed by the relevant corporation, etc. and the amount financed by any persons who have close ties with the relevant corporation, etc. in terms of contribution, personnel affairs, funds, technology, transactions, etc., when combined, constitute more than half of the total amount of the procured funds); or
  - (e) that there is any other fact implying that the relevant corporation, etc. controls the decision-making organ of the other corporation, etc.; and
  - (iii) a corporation, etc. in cases where the voting rights held by a corporation, etc. on its own account, and the voting rights held by any persons who are found to exercise their voting rights in the same manner as intended by the relevant corporation, etc. due to their close ties with the relevant corporation, etc. in terms of contribution, personnel affairs, funds, technology, transactions, etc. and those voting rights held by any persons who have given their consent to exercising their voting rights in the same manner as intended by the relevant corporation, etc., when combined, constitute more than half of the voting rights of another corporation, etc. (including cases where the relevant corporation, etc. does not hold the voting rights on its own account), and the relevant corporation, etc. satisfies any of the requirements set forth in (b) through (e) of the preceding item.
- (2) What is specified by Cabinet Office Order as prescribed in Article 2, paragraph (4) of the Order is as follows; provided, however, that this does not apply if it is found that a corporation, etc. (including a subsidiary corporation, etc. (meaning the subsidiary corporation, etc. prescribed in paragraph (3) of that Article; hereinafter the same applies in this Article) of the relevant corporation, etc.) clearly does not have a material influence on decisions on financial and operational or business policies of another corporation, etc. that is not a subsidiary corporation, etc. in light of their financial, operational or business relationship:
- (i) in cases where a corporation, etc. (including a subsidiary corporation, etc. of the relevant corporation, etc.) holds, on its own account, not less than 20 percent of the voting rights of another corporation, etc. that is not a subsidiary corporation, etc. (excluding another corporation, etc. that is not a subsidiary corporation, etc. that has received an order of commencement of bankruptcy proceedings, order of commencement of rehabilitation

- proceedings, or order of commencement of reorganization proceedings, or any other corporation, etc. that is not a subsidiary corporation, etc. equivalent thereto, where it is found that the first-mentioned corporation, etc. does not have a material influence on decisions on financial and operational or business policies of the other corporation, etc. that is not a subsidiary corporation, etc.; hereinafter the same applies in this paragraph): the other corporation, etc. that is not a subsidiary corporation, etc.;
- (ii) in cases where a corporation, etc. (including a subsidiary corporation, etc. of the relevant corporation, etc.) holds, on its own account, not less than 15 percent but less than 20 percent of the voting rights of another corporation, etc. that is not a subsidiary corporation, etc.; the other corporation, etc. that is not a subsidiary corporation, etc. and satisfies any of the following requirements:
- (a) that a person who is or was an officer, member in charge of executing the business, or employee of the relevant corporation, etc., on whom the relevant corporation, etc. has influence in connection with the person's decisions on financial and operational or business policies of the other corporation, etc. that is not a subsidiary corporation, etc., serves as a representative director, director or any other position equivalent thereto of the other corporation, etc. that is not a subsidiary corporation, etc.;
  - (b) that significant financing has been granted by the relevant corporation, etc.;
  - (c) that any important technology has been provided by the relevant corporation, etc.;
  - (d) that there are any operational or business transactions with the relevant corporation, etc.; or
  - (e) that there is any other fact implying that the relevant corporation, etc. has a material influence on decisions on financial and operational or business policies of the other corporation, etc. that is not a subsidiary corporation; and
- (iii) in cases where the voting rights held by a corporation, etc. (including a subsidiary corporation, etc. of the relevant corporation, etc.) on its own account, and the voting rights held by any persons who are found to exercise their voting rights in the same manner as intended by the relevant corporation, etc. due to their close ties with the relevant corporation, etc. in terms of contribution, personnel affairs, funds, technology, transactions, etc. and those voting rights held by any persons who have given their consent to exercising their voting rights in the same manner as intended by the relevant corporation, etc., when combined, constitute not less than 20 percent of the voting rights of another corporation, etc. that is not a subsidiary corporation, etc. (including cases where the relevant corporation,

etc. does not hold the voting rights on its own account): the other corporation, etc. that is not a subsidiary corporation, etc. and satisfies any of the requirements set forth in (a) through (e) of the preceding item.

- (3) In the case of a special purpose company (meaning the specified purpose company prescribed in Article 2, paragraph (3) of the Act on Securitization of Assets (Act No. 105 of 1998) and a business entity engaging in a business similar thereto which is restricted from changing the details of business; hereinafter the same applies in this paragraph), if the special purpose company has been incorporated for the purpose of allowing the holders of securities issued by the special purpose company (including the creditors of specified borrowings prescribed in paragraph (12) of that Article) to enjoy the revenues arising from assets that have been transferred to the special purpose company at a fair value, and the business of the special purpose company is appropriately implemented according to the purpose thereof, the special purpose company is regarded as being independent from the corporation, etc. which has transferred assets to the special purpose company (hereinafter referred to as "transferor corporation, etc." in this paragraph) and, notwithstanding the provisions of paragraph (1), the special purpose company is presumed not to be a subsidiary corporation, etc. of the transferor corporation, etc.
- (4) The provisions of Article 2, paragraph (6) of the Order apply mutatis mutandis to the voting rights held by the corporation, etc. prescribed in the items of paragraph (1) and the items of paragraph (2) in the cases prescribed respectively therein.

#### (Methods That Use Information and Communications Technology)

Article 4 The type and details of the electronic or magnetic means to be indicated pursuant to the provisions of Article 4, paragraph (1) of the Order are the following matters:

- (i) either of the following methods to be used by the sender:
- (a) a method using an electronic data processing system wherein the computer used by the sender is connected by way of a telecommunications line to the computer used by the recipient and information is transmitted through the telecommunications line and recorded in a file stored on the computer used by the recipient; or
  - (b) a method whereby information recorded in a file on a magnetic disk or any other equivalent medium which is able to accurately record specific information is delivered; and
- (ii) the format for recording information in a file.

#### (Petition for Appointment and Dismissal of Liquidator)

Article 5 An interested person, such as a shareholder and a member, who files a petition for the appointment or dismissal of a liquidator pursuant to the provisions of Articles 14 and 15 of the Act must notify the Commissioner of the Financial Services Agency to that effect, while attaching to the petition a document stating the fact that the person has an interest and the reasons for the need to appoint or dismiss a liquidator.

(Duties of Liquidator of Trust Company Specializing in Secured Bonds)

Article 6 (1) A liquidator of a trust company specializing in secured bonds (meaning the trust company specializing in secured bonds prescribed in Article 13 of the Act; the same applies hereinafter) (hereinafter referred to as the "liquidator" in this Article) must investigate the current status of the company's property and prepare an inventory of assets and balance sheet (referred to as an "inventory of assets, etc." in the following paragraph) without delay after assuming the office.

(2) When the liquidator has prepared an inventory of property, etc. pursuant to the provisions of the preceding paragraph, the liquidator must submit the inventory of property, etc. to the Commissioner of the Financial Services Agency.

(3) The liquidator must report the status of liquidation to the Commissioner of the Financial Services Agency every month; provided, however, that the liquidator must report material matters to the Commissioner of the Financial Services Agency without delay whenever any such matters arise.

(4) When liquidation is completed, the liquidator must report this to the Commissioner of the Financial Services Agency, with a statement of accounts attached to the report, without delay.

(Application for Permission for Foreign Company)

Article 7 A company that intends to obtain permission referred to in Article 17, paragraph (1) of the Act must submit a written application for permission to the Commissioner of the Financial Services Agency, with the following documents attached thereto:

(i) a draft deed of trust;

(ii) a document or minutes of a board of directors meeting (or a council meeting in the case of a financial institution) evidencing that the majority of directors have reached a consensus (if a resolution is deemed to have been made at a board of directors meeting pursuant to the provisions of Article 370 of the Companies Act, a document evidencing that the relevant case falls under that case), a document evidencing that a director has made a decision as delegated by a resolution of the board of directors referred to in Article 399-13, paragraph (5) or (6) of that Act (including minutes of the board of

directors) or document evidencing that an executive officer has made a decision as delegated by a resolution of the board of directors referred to in Article 416, paragraph (4) of that Act (including minutes of the board of directors), or a document evidencing that the majority of members in charge of executing the business have reached a consensus, all of which are related to the offering of corporate bonds;

- (iii) a document stating the type and price of collateral;
- (iv) a document sufficient to know the business status of the issuing company (meaning the issuing company prescribed in Article 2, paragraph (1) of the Act; the same applies in Article 9, item (iv) and Article 18);
- (v) a copy of the articles of incorporation of the foreign company that intends to accept a trust or a document sufficient to enable identification of the nature of the company;
- (vi) a document sufficient to know the business status of the foreign company referred to in the preceding item; and
- (vii) a document stating the name, nationality and address of each of the equity investors and officers of the foreign company referred to in item (v).

#### (Notification of Foreign Company's Representative in Japan)

Article 8 When a foreign company that has accepted a trust pursuant to the provisions of Article 17, paragraph (1) of the Act has designated its representative in Japan pursuant to the provisions of paragraph (2) of that Article, it must submit a written notification referred to in paragraph (4) of that Article to the Commissioner of the Financial Services Agency, while attaching thereto a document that certifies the capacity of the representative.

#### (Notification of Deed of Trust)

Article 9 When a trust company has concluded a trust agreement (meaning the trust agreement prescribed in Article 2 of the Act; the same applies in Article 18, item (i)), it must notify the Commissioner of the Financial Services Agency or the Director-General of a Local Finance Bureau or Local Finance Branch Bureau (hereinafter referred to as the "Commissioner of the Financial Services Agency, etc.") to that effect, with the following documents attached to the notification, without delay:

- (i) a deed of trust (if a deed of trust is prepared in the form of a paper document, a transcript thereof; the same applies hereinafter);
- (ii) a document stating the type and price of collateral;
- (iii) a document stating the reasons for the offering of corporate bonds; and
- (iv) a document sufficient to know the business status of the issuing company.

#### (Notification of Deed of Trust in Case of Issue in Installments)



Article 10 When a trust company has indicated the information set forth in the items of Article 21, paragraph (2) of the Act as a supplementary note in a deed of trust pursuant to the provisions of that paragraph, it must notify the Commissioner of the Financial Services Agency, etc. to that effect, with the following documents attached to the notification, without delay:

- (i) the deed of trust; and
- (ii) the documents set forth in items (iii) and (iv) of the preceding Article.

Article 11 When a trust company has indicated the information set forth in the items of Article 23, paragraph (2) of the Act as a supplementary note in a deed of trust pursuant to the provisions of that paragraph, or has made a modification under the provisions of Article 40 or Article 41, paragraph (1) of the Act, it must notify the Commissioner of the Financial Services Agency, etc. to that effect, with the following documents attached to the notification, without delay:

- (i) the deed of trust;
- (ii) a document stating the reasons for the reduction of the total amount of secured bonds or the reasons for the modification to the trust; and
- (iii) if a modification is made to the trust pursuant to the provisions of Article 40 or Article 41, paragraph (1) of the Act, a document concerning any change to collateral or any increase or decrease in the price of collateral.

(Notification of Change to Deed of Trust)

Article 12 If there is a change in any information specified or recorded in a deed of trust, a trust company must notify the Commissioner of the Financial Services Agency, etc. of such change, without delay.

(Application Mutatis Mutandis to Foreign Company)

Article 13 The provisions of Article 9 through the preceding Article apply mutatis mutandis to the foreign company referred to in Article 17, paragraph (1) of the Act.

(Application Mutatis Mutandis of the Regulation for Enforcement of the Trust Business Act)

Article 14 (1) The provisions of Article 29, Article 30, and Article 39 through Article 41 (excluding paragraph (5)) of the Regulation for Enforcement of the Trust Business Act (Cabinet Office Order No. 107 of 2004) apply mutatis mutandis in the case where the provisions of Articles 22 through 24, Article 28, paragraph (3), and Article 29 of the Trust Business Act (Act No. 154 of 2004) apply mutatis mutandis pursuant to the provisions of Article 8 of the Act.

(2) The case specified by Cabinet Office Order as prescribed in the proviso to

Article 29, paragraph (3) of the Trust Business Act as applied mutatis mutandis pursuant to Article 8 of the Act is the case where a trust company conducts transactions based on a resolution at a bondholders meeting.

(Notification of Convocation of Bondholders Meeting)

Article 15 (1) When a bondholders meeting is convened, a trust company must notify the Commissioner of the Financial Services Agency, etc. to that effect, while attaching to the notification a document stating the purpose, venue, and date of the meeting and the reasons for convocation, without delay.

(2) When a trust company has executed a resolution at a bondholders meeting or a decision of the representative bondholder appointed by a resolution at a bondholders meeting, it must notify the Commissioner of the Financial Services Agency, etc. to that effect, while attaching to the notification a document stating the details of what has been executed, without delay.

(Notification of Deposit with Official Depository)

Article 16 When a trust company has deposited property with an official depository in accordance with Article 44, paragraph 3 of the Act, it must notify the Commissioner of the Financial Services Agency, etc. to that effect, while attaching to the notification a document evidencing the fact that it has made the deposit, without delay.

(Notification of Inspection under Article 49, paragraph (1) of the Act)

Article 17 When a trust company has undergone the inspection under the provisions of Article 49, paragraph (1) of the Act, it must notify the Commissioner of the Financial Services Agency, etc. of the date and status of the inspection, without delay.

(Application for Permission under Article 50, paragraph (3) of the Act)

Article 18 If a settlor and an issuing company intend to conclude a contract with a foreign company for succession in relation to trust affairs pursuant to the provisions of Article 50, paragraph (3) of the Act, they must submit a written application for permission to the Commissioner of the Financial Services Agency, while attaching to the notification the following documents and the documents set forth in Article 7, items (v) through (vii):

- (i) a document indicating that the trustee company has resigned pursuant to the provisions of the trust agreement or that the settlor, the issuing company, and the bondholders meeting have consented to its resignation;
- (ii) an accounting statement concerning trust affairs; and
- (iii) a draft contract for succession.

(Notification of Succession in relation to Trust Affairs)

Article 19 When the former trustee company and new trustee company prescribed in Article 53, paragraph (1) of the Act have come to fall under any of the following items, they must notify the Commissioner of the Financial Services Agency, etc. to that effect, without delay:

- (i) the former trustee company and new trustee company have concluded a contract for succession in relation to trust affairs pursuant to the provisions of Article 53, paragraph (1) of the Act;
- (ii) the trustee company has resigned pursuant to the provisions of Article 57, paragraph (2) of the Trust Act (Act No. 108 of 2006) (excluding the case set forth in the preceding item);
- (iii) the trustee company has been dismissed pursuant to the provisions of Article 58, paragraphs (1) and (4) of the Trust Act;
- (iv) succession in relation to trust affairs has taken place; or
- (v) succession in relation to trust affairs has been completed.

(Notification of Merger)

Article 20 (1) When trust companies (excluding a trust company that files with the Commissioner of the Financial Services Agency, etc. an application for authorization for merger pursuant to the Banking Act (Act No. 59 of 1981), the Trust Business Act or any other special laws) intend to effect a merger, these companies must jointly notify the Commissioner of the Financial Services Agency, etc. to that effect, with the following documents attached to the notification, without delay; provided, however, that this does not apply to cases where these companies discontinue the trust business as a result of the merger:

- (i) a document stating the details of the merger agreement;
- (ii) the articles of incorporation of a company to be incorporated as a result of the merger or a company surviving the merger;
- (iii) the latest balance sheets, profit and loss statements, statements of changes in net assets or statements of changes in net assets of a membership company, and the recent daily cash count sheets;
- (iv) if the party to the merger is a stock company, the minutes of a shareholders meeting or any other document evidencing that the necessary procedure has been performed;
- (v) if the party to the merger is a membership company, a document evidencing that all members have given consent to the merger;
- (vi) if there is a shareholder who has made the demand under the provisions of Article 784-2, Article 796-2, or Article 805-2 of the Companies Act, a document stating the progress of the procedure regarding the demand;
- (vii) a document evidencing the fact that the public notice and notices under

- the provisions of Article 789, paragraph (2) of the Companies Act (excluding item (iii), and including cases as applied mutatis mutandis pursuant to Article 793, paragraph (2) of that Act; the same applies in the following Article), Article 799, paragraph (2) of that Act (excluding item (iii), and including cases as applied mutatis mutandis pursuant to Article 802, paragraph (2) of that Act; the same applies in the following Article), or Article 810, paragraph (2) of that Act (excluding item (iii), and including cases as applied mutatis mutandis pursuant to Article 813, paragraph (2) of that Act; the same applies in the following Article) are given (if, in addition to public notice in an official gazette, public notice is given by publication in a daily newspaper that publishes matters on current affairs or by means of electronic public notice (meaning the electronic public notice prescribed in Article 59 of the Act; the same applies in the following Article) pursuant to the provisions of Article 789, paragraph (3) of that Act (including as applied mutatis mutandis pursuant to Article 793, paragraph (2) of that Act; the same applies in the following Article), Article 799, paragraph (3) of that Act (including as applied mutatis mutandis pursuant to Article 802, paragraph (2) of that Act; the same applies in the following Article), or Article 810, paragraph (3) of that Act (including as applied mutatis mutandis pursuant to Article 813, paragraph (2) of that Act; the same applies in the following Article); the public notice by any of these methods); and if any creditor has raised an objection, the fact that payment has been made or reasonable collateral has been provided to the creditor or reasonable property has been deposited in trust for the purpose of having the creditor receive payment, or that the merger is not likely to harm the creditor;
- (viii) if the company that is to disappear as a result of the merger is a share certificate-issuing company, a document evidencing that the public notice under the provisions of the main clause of Article 219, paragraph (1) of the Companies Act has been given, or a document evidencing that share certificates have not been issued for any of the shares; and
  - (ix) if the company that is to disappear as a result of the merger is a company that has issued share options, a document evidencing that the public notice under the provisions of Article 293, paragraph (1) of the Companies Act has been given, or a document evidencing that share option certificates prescribed in that paragraph have not been issued.
- (2) If a company to be incorporated as a result of a merger or a company surviving a merger intends to newly engage in the trust business, it must notify the Commissioner of the Financial Services Agency, etc. to that effect, while attaching the documents referred to in the preceding paragraph to a written application for a license.

(Notification of Company Split)

Article 21 If a trust company (excluding a trust company that files with the Commissioner of the Financial Services Agency, etc. an application for authorization for company split pursuant to the Banking Act, the Trust Business Act or any other special laws) intends to effect a company split, it must notify the Commissioner of the Financial Services Agency, etc. to that effect, with the following documents attached to the notification, without delay:

- (i) a document stating the details of an incorporation-type company split plan or absorption-type company split agreement;
- (ii) the articles of incorporation of the trust company specializing in secured bonds that is the party to the company split;
- (iii) the latest balance sheet, profit and loss statement, statement of changes in net assets or statement of changes in net assets of a membership company, and the recent daily cash count sheet;
- (iv) if the party to the company split is a stock company, the minutes of a shareholders meeting or any other document evidencing that the necessary procedure has been performed;
- (v) if the party to the company split is a limited liability company, a document evidencing that all members have given consent to the company split (if the limited liability company intends to have another company succeed to part of its rights and obligations related to its business, a document evidencing that the majority of members have reached a consensus);
- (vi) if there is a shareholder who has made the demand under the provisions of Article 784-2, Article 796-2, or Article 805-2 of the Companies Act, a document stating the progress of the procedure regarding the demand;
- (vii) a document evidencing: the fact that the public notice and notices under the provisions of Article 789, paragraph (2), Article 799, paragraph (2), or Article 810, paragraph (2) of the Companies Act are given (if, in addition to public notice in an official gazette, public notice is given by publication in a daily newspaper that publishes matters on current affairs or by means of electronic public notice pursuant to the provisions of Article 789, paragraph (3), Article 799, paragraph (3), or Article 810, paragraph (3) of that Act; the fact that public notice is given by any of these methods (or the fact that the public notice and notices are given except when separate notices are not required pursuant to the provisions of Article 789, paragraph (3) or Article 810, paragraph (3) of that Act)); and if any creditor has raised an objection, the fact that payment has been made or reasonable collateral has been provided to the creditor or reasonable property has been deposited in trust for the purpose of having the creditor receive payment, or that the company split is not likely to harm the creditor; and
- (viii) if the company that is to effect a company split has issued share options

and falls under Article 758, item (v) or Article 763, paragraph (1), item (x) of the Companies Act, a document evidencing that the public notice under the provisions of Article 293, paragraph (1) of that Act has been given or document evidencing that share option certificates prescribed in that paragraph have not been issued.

(Notification of Amendment to Articles of Incorporation)

Article 22 When a trust company has amended the articles of incorporation or suspended payment or any grounds for dissolution have arisen, it must notify the Commissioner of the Financial Services Agency, etc. to that effect, with the reasons therefor, without delay; provided, however, that this does not apply if it notifies the Commissioner of the Financial Services Agency, etc. pursuant to the Banking Act, the Trust Business Act or any other special laws.

(Conclusion of Trust Affairs)

Article 23 When a trust company has concluded trust affairs, it must notify the Commissioner of the Financial Services Agency, etc., with a general accounting statement attached to the notification, without delay.

(Business Year)

Article 24 The business year of a trust company runs from April 1 to March 31 of the following year; provided, however, that this does not apply if otherwise provided for in the Banking Act, the Trust Business Act or any other special laws.

(Business Report)

Article 25 (1) A trust company specializing in secured bonds must prepare a business report using the form prescribed in Article 42, paragraph (1) of the Regulation for Enforcement of the Trust Business Act and a report on secured bonds using the appended form for each business year, and submit them to the Commissioner of the Financial Services Agency, etc. within three months from the end of each business year.

(2) A trust company that is not a trust company specializing in secured bonds must prepare a report on secured bonds using the appended table for each business year, and submit it to the Commissioner of the Financial Services Agency, etc. within three months from the end of each business year. In this case, if there is any report that should be submitted under the Banking Act, the Trust Business Act or any other special laws, the relevant trust company is to submit that report to the Commissioner of the Financial Services Agency, etc., while attaching the report on secured bonds to that report.

(Preliminary Examination)

Article 26 (1) A company that intends to obtain a license under the provisions of Article 3 of the Act may seek a preliminary examination by submitting to the Prime Minister, via the Commissioner of the Financial Services Agency, documents equivalent to the documents to be submitted to the Prime Minister upon filing an application for the license.

(2) With regard to the documents to be attached to a written application upon filing an application for the license under Article 3 of the Act, if there are no changes in content from the documents submitted upon seeking the preliminary examination under the provisions of the preceding paragraph, the applicant may omit attaching the documents by stating to that fact in the written application.

(Government Agency via Which to Submit Documents)

Article 27 (1) When a company that intends to obtain a license under Article 3 of the Act and a trust company (in the case prescribed in Article 19, the "trust company" means the former trustee company and new trustee company prescribed in Article 53, paragraph (1) of the Act; hereinafter the same applies in this Article) submit documents to the Prime Minister or the Commissioner of the Financial Services Agency under the provisions of the Act or this Cabinet Office Order, they must make the submission via the Director-General of the Local Finance Bureau (including the Director-General of the Local Finance Branch Bureau; hereinafter the same applies in this Article) who has jurisdiction over the location of the head office, etc. of the trust company (if the trust company has obtained the license referred to in Article 3 of the Act, the "head office, etc." means the head office or principal office; and if the trust company is deemed to have obtained the license referred to in Article 3 of the Act pursuant to the provisions of Article 4 of the Act, the "head office, etc." means the head office, the principal office, or the main branch office prescribed in Article 53, paragraph (1) of the Trust Business Act; hereinafter the same applies in this Article).

(2) If a trust company intends to submit the documents prescribed in the Act or this Cabinet Office Order to the Director-General of the Local Finance Bureau, and the head office, etc. of the trust company is located within the jurisdictional district of a local finance office, the Otaru Sub-Office, or the Kitami Sub-Office, the trust company must make the submission via the head of the local finance office or the Sub-Office.

(Standard Processing Period)

Article 28 (1) The Prime Minister or the Commissioner of the Financial Services Agency, etc. is to endeavor to make a disposition regarding an application for a

license or permission under the provisions of the Act or this Cabinet Office Order (excluding an application for preliminary examination) within one month from the day on which the application arrives at the relevant office; provided, however, that the Prime Minister or the Commissioner of the Financial Services Agency, etc. is to endeavor to make a disposition regarding an application related to Article 3 of the Act within two months.

(2) The period referred to in the preceding paragraph does not include the period set forth in the following items:

- (i) a period necessary for correcting the application;
- (ii) a period necessary for the applicant to change the content of the application; and
- (iii) a period necessary for the applicant to add any materials that are found to be necessary for examination of the application.