

# International Trade and Investment Insurance Act

(Act No. 67 of March 31, 1950)

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## Chapter I General Provisions

(Purpose)

Article 1 The purpose of this Act is to promote the sound development of international trade and other international transactions through the establishment of a system of insurance of the risk of exchange controls and other risks for which ordinary insurance cannot provide relief, that occurs in international trade and other international transactions.

(Definitions)

Article 2 (1) The term "export contract" as used in this Act means a contract to export goods that are produced, processed, or collected in Japan, and which provides for the matters specified by Cabinet Order.

- (2) The term "exporter" as used in this Act means a party to an export contract that exports goods.
- (3) The term "international intermediary trade contract" as used in this Act means a contract between two countries for the sale or a lease of goods produced, processed or collected in one region of a foreign country to another foreign country by a Japanese corporation or Japanese citizen, and which provides for the matters specified by Cabinet Order.
- (4) The term "international trade intermediary" as used in this Act means a party to an international intermediary trade contract that sells or leases goods.
- (5) The term "technical cooperation contract" as used in this Act means a contract for the provision of technologies or services related to the relevant technologies by a Japanese corporation or Japanese citizen to a foreign government, local government or equivalent (hereinafter referred to as a "foreign government, etc."), and which provides for matters specified by Cabinet Order.
- (6) The term "technology provider" as used in this Act means a party to a technical cooperation contract that provides technologies or services related to the relevant technologies.
- (7) The term "supply contract" as used in this Act means a contract to produce, process, or collect, in Japan, goods that are to be exported by an exporter based on an export contract, and deliver the relevant goods to the exporter.
- (8) The term "producer" as used in this Act means a person that produces, processes or collects goods in Japan for the purpose of export.
- (9) The term "capital contributing foreign corporation, etc." as used in this Act means a foreign corporation or foreign citizen to which a Japanese corporation or Japanese citizen has made an equity investment (including a foreign corporation or foreign citizen that has a continuous economic relationship, such as dispatch of officers with a Japanese corporation or Japanese citizen), and which is provided for by Order of the Ministry for Economy, Trade and Industry.
- (10) The term "sales contract of capital contributing foreign corporation, etc." as used in this Act means a contract for the sale or lease by a capital contributing foreign corporation, etc. of goods that are produced, processed or collected in a region of the foreign country where its head office or principal office is located, and which provides for matters specified by Cabinet Order.
- (11) The term "international intermediary trade contract of capital contributing foreign corporation, etc." as used in this Act means a contract for the sale or lease by a capital contributing foreign corporation, etc. of goods that are produced, processed or collected in one region of a country (excluding the foreign country where its head office or principal office is located) in a different region of a country (excluding the foreign country where its head office or

principal office is located), and which provides for the matters specified by Cabinet Order.

- (12) The term "technical cooperation contract of capital contributing foreign corporation, etc." as used in this Act means a contract for the provision of technologies or services related to the relevant technologies by a capital contributing foreign corporation, etc., and which provides for the matters specified by Cabinet Order.
- (13) The term "international trade loan" as used in this Act means the acquisition of claims pertaining to loans to be used as funds to pay the following expenses, or government bonds, company bonds, or other equivalent bond certificates issued by a foreign government, etc. or a foreign corporation for the purpose of procuring the relevant funds (hereinafter referred to as "international trade loan claims, etc."); or the defrayment of debts of a foreign government, etc., foreign corporation, or foreign citizen to be appropriated to the relevant funds, or the guarantee obligations (limited to those for which it is specified that a person having performed those obligations acquires the right to reimbursement for the amount of the performance from the principal debtor) pertaining to government bonds, company bonds, or other equivalent bond certificates issued by a foreign government, etc. or foreign corporation for the purpose of procuring the relevant funds, which is conducted by a Japanese corporation, Japanese citizen, foreign corporation, or foreign citizen against a foreign government, etc., foreign corporation, or foreign citizen:
- (i) purchase price or rental fees of goods based on an export contract;
  - (ii) purchase price or rental fees of goods based on an international intermediary trade contract;
  - (iii) costs of technologies or services provided based on a technical cooperation contract.
- (14) The term "export guarantee" as used in this Act means any guarantee set forth as follows which provide for the amount of guarantee and other matters specified by Cabinet Order:
- (i) a guarantee (meaning a guarantee to pay penalty fees or similar monies, or, in lieu of the relevant payment, to perform all or part of the principal obligations on behalf of the principal debtor, or to have a third party perform it; the same applies in the following item) to the counterparty to a tender concerning an export contract or a technical cooperation contract (hereinafter referred to as a "tender"), for obligations based on the relevant tender pursuant to the guarantee clause included in the terms of the relevant tender;
  - (ii) a guarantee to the counterparty to an export contract or a technical cooperation contract for obligations based on the relevant contract pursuant to the guarantee clause included in the contract;

- (iii) a guarantee for the payment to a person that has made a guarantee set forth in the preceding two items (including a guarantee set forth in the preceding two items falling under this item) (hereinafter such person is referred to as a "guarantor") of the compensation for which the principal debtor bears obligation to pay when the relevant guarantor performs the obligations pursuant to the terms of the relevant guarantee.
- (15) The term "prepayment import contract" as used in this Act means, among other contracts for the import of goods, those that specify that all or part of the purchase price or lease fees for those goods is to be paid before the shipping date of the relevant goods, and which provide for matters specified by Cabinet Order.
- (16) The term "prepayment importer" as used in this Act means a party to a prepayment import contract that imports goods.
- (17) The term "overseas investment" as used in this Act means the types of investment set forth as follows which are undertaken by a Japanese corporation, Japanese citizen, or capital contributing foreign corporation, etc.:
- (i) the acquisition of shares or other equity (hereinafter referred to as "shares, etc.") in a foreign corporation;
  - (ii) the acquisition of rights relating to real estate or facilities to be used in business activities conducted outside of Japan, mining rights, industrial property rights, or other rights or similar interests (hereinafter referred to as "rights relating to real estate, etc.").
- (18) The term "overseas untied loan" as used in this Act means the acquisition of claims pertaining to loans to be appropriated to funds necessary for business activities conducted outside of Japan, or of government bonds, company bonds, or other equivalent bond certificates issued by a foreign government, etc. or foreign corporation for the purpose of procuring the relevant funds (hereinafter referred to as "overseas untied loan receivables, etc."); or the defrayment of debts of a Japanese corporation, Japanese citizen, foreign government, etc., foreign corporation, or foreign citizen to be appropriated to the funds, or of the guarantee obligations (limited to those for which it is specified that a person having performed those obligations acquires the right to reimbursement for the amount of the performance from the principal obligor) pertaining to government bonds, company bonds, or other equivalent bond certificates issued by a foreign government, etc. or a foreign corporation for the purpose of procuring the funds, which is conducted by a Japanese corporation, Japanese citizen, foreign corporation, or foreign citizen against a Japanese corporation, Japanese citizen, foreign government, etc., foreign corporation, or foreign citizen; provided, however, that with regard to the following, such loan is limited to what is necessary for business activities using trade goods exported by a Japanese corporation or Japanese citizen or other business activities

pertaining to external transactions that are specified by Order of the Ministry of Economy, Trade and Industry as business activities especially necessary for promoting the sound development of external transactions:

- (i) a loan provided by a foreign corporation or foreign citizen;
- (ii) a loan to a Japanese corporation or Japanese citizen for funds necessary for business activities conducted outside of Japan.

## **Chapter II Nippon Export and Investment Insurance, Co., Ltd.**

### **Section 1 General Provisions**

(Purpose of NEXI)

Article 3 Nippon Export and Investment Insurance, Co., Ltd. (hereinafter referred to as "NEXI") is to be a stock company whose purpose is to provide a service of insuring risks in international trade for which ordinary insurance cannot provide relief.

(Shares Held by the Government)

Article 4 The government must always hold all the issued shares of NEXI.

(Equity Investment by the Government)

Article 5 (1) If the government finds it to be necessary, it may make an investment in NEXI within the amount specified in the budget.

(2) When the government makes an investment pursuant to the provisions of the preceding paragraph, notwithstanding the provisions of Article 445 paragraph (2) of the Companies Act (Act No. 86 of 2005), NEXI may choose not to record the amount exceeding half of the amount of the investment as stated capital. In this case, the term "this Act" in paragraph (1) of the same Article is deemed to be replaced with "this Act or the Trade and Investment Insurance Act (Act No. 67 of 1950)."

(Restriction on Use of the Trade Name)

Article 6 No person other than NEXI is permitted to use the term "Nippon Export and Investment Insurance" in the trade name.

### **Section 2 Officers and Employees**

(Resolution on Appointment and Dismissal of Officers)

Article 7 (1) Resolutions on the appointment and dismissal of officers (meaning directors, executive officers, and company auditors; the same applies hereinafter) of NEXI do not become effective without the authorization of the Minister of Economy, Trade and Industry.

(2) Resolutions on the appointment and dismissal of the representative officers or representative executive officers of NEXI do not become effective without the authorization of the Minister of Economy, Trade and Industry.

(Ineligibility of Officers)

Article 8 Employees of the national or local governments (excluding part-time employees) are ineligible for the position of officer of NEXI.

(Prohibition of Officers Holding Additional Positions)

Article 9 An officer, etc. (excluding part-time officers, etc.; hereinafter the same applies in this Article) of NEXI must not become an officer of any profit-oriented association other than NEXI or engage in any profit-making business; provided, however, that this does not apply when the Minister of Economy, Trade and Industry approves it deeming that it will not interfere with the performance of the duties of the officer, etc.

(Duty of Confidentiality of Officers, Accounting Advisors and Employees)

Article 10 Officers, etc., accounting advisors (if the accounting advisor is a corporation, a member responsible for carrying out the duties thereof; the same applies in the following Article) and employees of NEXI must not disclose or misappropriate any secret that has come to their knowledge in the course of duties. The same also applies after they have left their position.

(Status of Officers, Accounting Advisors and Employees)

Article 11 With regard to the application of the Penal Code (Act No. 45 of 1907) and other penal provisions, officers, etc., accounting advisors, and employees of NEXI are deemed to be employees engaged in public service pursuant to laws and regulations.

### **Section 3 Business Operations**

(Scope of Business Operations)

Article 12 (1) In order to achieve the purpose set forth in Article 3, NEXI is to conduct the following business operations:

- (i) international trade insurance business under the provisions of the following Chapter;
- (ii) business operations incidental to those set forth in the preceding item.

(2) In addition to the business operations set forth in the preceding paragraph, to the extent that this does not hinder the performance of the relevant business operations, NEXI may conduct the following business operations:

- (i) the reinsurance of insurance liabilities incurred by an international

- organization, foreign government, etc., or foreign corporation conducting insurance (including reinsurance) business with regard to losses covered by international trade insurance or other similar types of losses, while taking the same as a counterparty;
- (ii) the reinsurance of insurance liabilities incurred by a Japanese corporation as a result of underwriting insurance other than the international trade insurance (excluding ordinary insurance) that are specified by Cabinet Order as necessary for promoting the sound development of international transactions, while taking the same as a counterparty.
- (3) The reinsurance premium rate for the reinsurance set forth in the items of the preceding paragraph underwritten by NEXI must be determined so as not to hinder the sound conducting of business operations set forth in paragraph (1).

Article 13 NEXI may take out reinsurance against the insurance liabilities it incurs pursuant to this Act with an international organization, foreign government, etc., or foreign corporation conducting insurance (including reinsurance) business activities with respect to losses covered by international trade insurance or other similar types of losses as a counterparty.

(Entrustment of Business Operations)

- Article 14 (1) NEXI may entrust part of the business operations set forth in Article 12, paragraph (1), item (i) (excluding the conclusion of insurance contracts) to a financial institution, subject to the authorization of the Minister for Economy, Trade and Industry.
- (2) Notwithstanding the provisions of other Acts, financial institutions may be entrusted with and conduct the business operations pursuant to the provisions of the preceding paragraph.
- (3) Officers and employees of a financial institution which has been entrusted with business operations pursuant to the provisions of paragraph (1) (hereinafter referred to as an "entrusted financial institution") who are engaged in the relevant business operations, with regard to the application of the Penal Code and other penal provisions, are deemed to be employees engaged in public service pursuant to laws and regulations.

(Criteria for Underwriting International Trade Insurance and for Underwriting Reinsurance)

Article 15 (1) The Minister of Economy, Trade and Industry is to establish the criteria for NEXI to comply with when deciding on the underwriting of international trade insurance (referred to as the "criteria for underwriting international trade insurance" in the following paragraph and paragraph (1) of

the following Article), and the criteria for NEXI to comply with when deciding on the underwriting of reinsurance (referred to as the "criteria for underwriting reinsurance" in the following paragraph and paragraph (1) of the following Article).

- (2) When the Minister of Economy, Trade and Industry has established the criteria for underwriting international trade insurance and the criteria for underwriting reinsurance pursuant to the provisions of the preceding paragraph, the minister is to publicly announce them.

(Decision on Underwriting)

Article 16 (1) When NEXI intends to underwrite international trade insurance or reinsurance, it must make a decision in compliance with the criteria for underwriting international trade insurance or the criteria for underwriting reinsurance.

- (2) When NEXI intends to make a decision on the underwriting of international trade insurance or reinsurance (limited to the underwriting specified by Order of the Ministry of Economy, Trade and Industry), it must notify the Minister of Economy, Trade and Industry of that fact in advance and specify a reasonable period of time to give the minister the opportunity of expressing opinions.

#### **Section 4 Finance and Accounting**

(Business Year)

Article 17 The business year of NEXI commences on April 1 of each year and ends on March 31 of the following year.

(Business Plan)

Article 18 NEXI must formulate a business plan for each business year and obtain the authorization of the Minister of Economy, Trade and Industry prior to the commencement of every business year, pursuant to the provisions of Order of the Ministry of Economy, Trade and Industry. The same applies when it intends to amend the business plan.

(Resolution of Dividends of Surplus)

Article 19 Resolutions on dividends of surplus and other dispositions of surplus (excluding dispositions of losses) of NEXI do not become effective unless the authorization of the Minister of Economy, Trade and Industry has been obtained.

(Financial Statements)

Article 20 NEXI must submit a balance sheet, profit and loss statement, any



other documents specified by Order of the Ministry of Economy, Trade and Industry, and business reports, as well as annexed detailed statements thereof (referred to as "financial statements" in Article 76, item (iv)) to the Minister of Economy, Trade and Industry within three months from the end of each business year.

(Statement of Calculation Procedures for Policy Reserves)

- Article 21 (1) NEXI must prepare a statement of calculation procedures for policy reserves and obtain the authorization of the Minister of Economy, Trade and Industry. The same applies when it intends to amend the statement.
- (2) The information to be stated in a statement of calculation procedures set forth in the preceding paragraph is specified by Order of the Ministry of Economy, Trade and Industry.
- (3) When an application for the authorization set forth in the preceding paragraph is filed, the Minister of Economy, Trade and Industry must examine whether or not the relevant statement of calculation procedures is in conformity with the criteria specified by Order of the Ministry of Economy, Trade and Industry.
- (4) When the Minister of Economy, Trade and Industry finds it necessary for promoting the sound development of international transactions or protecting the insured persons or persons who are to receive an insurance payment due to a change in circumstances, the minister may order NEXI to change the information contained in the statement of calculation procedures for policy reserves for which the minister has given the authorization under paragraph (1).

(Policy Reserves)

Article 22 NEXI must set aside a policy reserve to prepare for future performance of obligations under trade insurance contracts or reinsurance contracts (referred to as "insurance contracts, etc." in the following Article and Article 37, paragraph (1) and paragraph (4)) at the end of each business year, pursuant to the provisions of Order of the Ministry of Economy, Trade and Industry.

(Outstanding Claims Reserve)

Article 23 When NEXI has any payments due, such as insurance claims for international trade insurance or reinsurance claims for reinsurance (hereinafter referred to as "insurance claims, etc." in this Article), under insurance contracts, etc. (including any other equivalent payments specified by Order of the Ministry of Economy, Trade and Industry) that have not been recorded as expenditures for insurance claims, etc., NEXI must set aside a

reserve for outstanding claims at the end of each business year, pursuant to the provisions of Order of the Ministry of Economy, Trade and Industry.

(Bonds and Borrowings)

Article 24 (1) When NEXI intends to issue bonds or borrow funds with a repayment period longer than a year, it must obtain the authorization of the Minister of Economy, Trade and Industry.

(2) The provisions of the preceding paragraph do not apply to cases in which NEXI has come to newly assume obligations as a result of issuing a bond certificate to deliver to a person who has lost it pursuant to the provisions of Cabinet Order.

(General Security)

Article 25 (1) Bondholders of NEXI have the right to have their claims satisfied, in preference to other creditors with regard to the property of NEXI.

(2) The statutory lien referred to in the preceding paragraph is ranked next in priority to the general statutory lien under the provisions of the Civil Code (Act No. 89 of 1896).

(Government Guarantee)

Article 26 (1) Notwithstanding the provisions of Article 3 of the Act on Restrictions on Government Financial Assistance for Corporations (Act No. 24 of 1946), the government may enter into a guarantee contract for obligations pertaining to bonds issued or borrowings (limited to borrowings with a repayment period longer than a year; the same applies in the following Article and Article 28) made by NEXI as set forth in Article 24, paragraph (1) (excluding obligations for which the government may enter into a guarantee contract pursuant to the provisions of Article 2, paragraph (1) of the Act on Special Measures Pertaining to the Acceptance of Foreign Capital from the International Bank for Reconstruction and Development, etc. (Act No. 51 of 1953)), within the limit of the amount approved by the Diet.

(2) Beyond the provisions of the preceding paragraph, the government may enter into a guarantee contract for obligations pertaining to a bond certificate or coupon that NEXI issues to deliver to a person who has lost a bond certificate or its coupon pursuant to the provisions of Cabinet Order.

(Reimbursement Plans)

Article 27 NEXI must formulate a reimbursement plan for its bonds and borrowings and obtain the authorization of the Minister of Economy, Trade and Industry prior to the commencement of every business year, pursuant to the provisions of Order of the Ministry of Economy, Trade and Industry. The same

applies when it intends to amend the reimbursement plan.

(Financial Measures)

Article 28 When it is deemed difficult for NEXI to procure funds necessary for conducting business operations set forth in Article 12, paragraph (1) or paragraph (2) or funds to be appropriated for reimbursement for bonds or borrowings even by issuing bonds or making borrowings pursuant to the provisions of Article 24, paragraph (1), the government is to take necessary financial measures within the amount specified in its budget.

(Investment of Surplus Funds)

Article 29 NEXI must not invest the surplus funds that occurred in the course of its operations, except when using the following methods:

- (i) acquisition of government bonds, local government bonds, government guaranteed bonds (meaning bonds for which the government guarantees the redemption of the principal and the payment of the interest) or any other securities designated by the Minister of Economy, Trade and Industry;
- (ii) deposit in a bank or other financial institutions designated by the Minister of Economy, Trade and Industry;
- (iii) money trust in financial institutions that operate trust business (meaning financial institutions that have obtained the approval under Article 1, paragraph (1) of the Act Concerning Additional Operations of Trust Business by Financial Institutions, etc. (Act No. 43 of 1943));
- (iv) any other method specified by Order of the Ministry of Economy, Trade and Industry as equivalent to the methods set forth in the preceding three items.

(Delegation to Order of the Ministry of Economy, Trade and Industry)

Article 30 Beyond what is provided for in this Act and Cabinet Orders based on this Act, necessary matters related to the finance and accounting of NEXI are provided for by Order of the Ministry of Economy, Trade and Industry.

## **Section 5 Miscellaneous Provisions**

(Supervision)

Article 31 (1) NEXI is to be supervised by the Minister of Economy, Trade and Industry pursuant to the provisions of this Act.

(2) When the Minister of Economy, Trade and Industry finds any violation of laws and regulations or of the articles of incorporation or significant impropriety with regard to the operation or management of NEXI, or considers it necessary for the enforcement of this Act, the minister may issue orders for NEXI that are necessary for supervising its business operations.

(Reports and Inspections)

Article 32 (1) When the Minister of Economy, Trade and Industry considers it necessary for the enforcement of this Act, the minister may have NEXI or an entrusted financial institution make a report, or have its officials enter the office or any other facilities of NEXI or the entrusted financial institution to perform an inspection of accounting books, written documents or other items; provided, however, that with regard to entrusted financial institutions, such inspection may only be performed within the scope of entrusted business operations.

(2) Officials performing on-site inspections pursuant to the provisions of the preceding paragraph must carry an identification card and present it to the persons concerned.

(3) The authority to perform on-site inspections pursuant to the provisions of paragraph (1) must not be construed as being the same as that authorized for criminal investigation.

(Amendment to Articles of Incorporation)

Article 33 Resolutions on amendments to the articles of incorporation of NEXI do not become effective without the authorization of the Minister of Economy, Trade and Industry.

(Merger, Company Split, Share Exchange, Transfer and Acquisition of Business and Dissolution)

Article 34 Notwithstanding the provisions of Part II, Chapter 7 and Chapter 8, and Part V, Chapter 2, Chapter 3, and Chapter 4, Section 1 of the Companies Act, merger, company split, share exchange, transfer and acquisition of business in whole or in part in which NEXI is a party, and dissolution of NEXI provided for by separate Acts.

(Consultation with the Minister of Finance)

Article 35 The Minister of Economy, Trade and Industry must consult with the Minister of Finance in the following cases:

- (i) when giving the authorization as set forth in Article 14, paragraph (1), Article 18, Article 19, Article 21, paragraph (1), Article 24, paragraph (1), Article 27, or Article 33 (limited to a change to the total number of shares that NEXI may issue);
- (ii) when establishing Order of the Ministry for Economy, Trade and Industry as set forth in Article 21, paragraph (2) or paragraph (3), Article 22, or Article 29, item (iv);
- (iii) when making the designation pursuant to the provisions of Article 29, item

(i) or item (ii).

(Grants Pertaining to Exemption from Claims of NEXI Deemed Necessary for Fulfilling International Agreements)

Article 36 When NEXI has granted an exemption for or has waived claims that it obtained with regard to an international trade insurance or reinsurance relating to a foreign government, etc., foreign corporation, or foreign citizen, or the right to receive recovery (hereinafter referred to as "claims, etc." in this Article) and such exemption or waiver is considered to be especially necessary in light of treaties and other international agreements Japan has signed, the government may provide NEXI with grants in the amount equivalent to the whole or part of the amount of the claims exempted or waived within the amount specified in its budget.

(Special Provisions for Corporation Taxes)

Article 37 (1) If NEXI is a corporation that files a blue tax return form for each business year and, upon setting aside a policy reserve for each business year, in order to prepare for the future performance of obligations under insurance contracts, etc. and in consideration of the risk of exchange controls or other risks in international trade and other international transactions for which ordinary insurance cannot provide relief and that are expected to occur in the future, has set aside an extraordinary contingency reserve out of the policy reserve, which is to be set aside in the settlement of accounts for the relevant business year, with an amount not exceeding the amount specified by Order of the Ministry of Finance through the deducting expenses accounting (when calculating the amount set forth in Article 72, paragraph (1), item (i) of the Corporation Tax Act (Act No. 34 of 1965), recording the relevant amount as an expense or a loss in the settlement of accounts for the period prescribed in the same paragraph) method (including when setting aside an extraordinary contingency reserve by creating a reserve through the appropriation of surplus by the date of the final settlement of accounts for the relevant business year), the amount set aside as an extraordinary contingency reserve is to be included in deductible expenses in calculating the amount of income for the relevant business year.

(2) When there is any amount of extraordinary contingency reserve that has been included in deductible expenses in calculating the amount of income for the business year including the day immediately preceding the first day of each business year of NEXI, in the relevant business year including the relevant preceding day, pursuant to the provisions of the preceding paragraph (in cases in which the business year including the relevant preceding day falls under a consolidated business year, when there is any amount of extraordinary

contingency reserve that has been included in deductible expenses in calculating the amount of consolidated income for the relevant consolidated business year pursuant to the provisions of paragraph (4)), the amount of the relevant extraordinary contingency reserve is to be included in gross profits in calculating the amount of income for the relevant each business year.

- (3) The provisions of paragraph (1) apply only when a final return form, etc. for the business year for which NEXI seeks the application of the same paragraph contains a statement on the inclusion of the amount set aside as an extraordinary contingency reserve in deductible expenses, and a detailed statement concerning the calculation of the relevant amount set aside is attached to the relevant final return form, etc.
- (4) When, upon setting aside a policy reserve for each consolidated business year, NEXI, which is a consolidated parent corporation, has set aside an extraordinary contingency reserve, in an amount not exceeding the amount specified by Order of the Ministry of Finance in consideration of restrictions on exchange transactions and other risks for which ordinary insurance cannot provide relief, that occur through foreign trade and other external transactions, out of the amount of a policy reserve to be set aside in its settlement of accounts for the relevant consolidated business year, by way of reckoning the relevant amount into expenses for accounting purposes (when calculating the amount set forth in Article 81-20, paragraph (1), item (i) of the Corporation Tax Act, meaning reckoning the amount as an expense or a loss in the settlement of accounts for the period prescribed in the same paragraph), for the purpose of preparing for future performance of obligations under insurance contracts, etc. (including cases in which NEXI has set aside an extraordinary contingency reserve in such a manner as to save it as a reserve through appropriation of surplus by the date of the final settlement of accounts for the relevant consolidated business year), the relevant amount set aside as an extraordinary contingency reserve is to be included in deductible expenses in calculating the amount of income for the consolidated business year.
- (5) When there is any amount of extraordinary contingency reserve that has been included in deductible expenses in calculating the amount of consolidated income for the consolidated business year including the day immediately preceding the first day of each consolidated business year of NEXI, which is a consolidated parent corporation, in the relevant consolidated business year including the relevant preceding day, pursuant to the provisions of the preceding paragraph (in cases in which the relevant business year including the preceding day does not fall under a consolidated business year, when there is any amount of extraordinary contingency reserve that has been included in deductible expenses in calculating the amount of income for the business year pursuant to the provisions of paragraph (1)), the amount of the relevant

extraordinary contingency reserve is to be included in gross profits in calculating the amount of consolidated income for each consolidated business year.

- (6) The provisions of paragraph (4) apply only when a consolidated final return form, etc. for the consolidated business year for which NEXI seeks the application of the same paragraph contains a statement on the inclusion of the amount set aside as an extraordinary contingency reserve in deductible expenses, and a detailed statement concerning the calculation of the relevant amount thus set aside is attached to the relevant consolidated final return form, etc.
- (7) In this Article, the meanings of the terms set forth in the following items are defined by the provisions of the relevant items:
- (i) business year: meaning the business year as prescribed in Article 13 and Article 14 of the Corporation Tax Act;
  - (ii) blue tax return form: meaning the blue tax return form as prescribed in Article 2, item (xxxvii) of the Corporation Tax Act;
  - (iii) reckoning the amount into expenses for accounting purpose: meaning reckoning the amount into expenses for accounting purpose as prescribed in Article 2, item (xxv) of the Corporation Tax Act;
  - (iv) consolidated business year: meaning the consolidated business year as prescribed in Article 15-2 of the Corporation Tax Act;
  - (v) consolidated income: meaning consolidated income as prescribed in Article 2, item (xviii)-4 of the Corporation Tax Act;
  - (vi) final return form, etc.: meaning the final return form, etc. as prescribed in Article 2, paragraph (2), item (xxvii) of the Act on Special Measures Concerning Taxation (Act No. 26 of 1957);
  - (vii) consolidated parent corporation: meaning the consolidated parent corporation as prescribed in Article 2, item (xii)-6-7 of the Corporation Tax Act;
  - (viii) consolidated final return form, etc.: meaning the consolidated final return form, etc. as prescribed in Article 2, paragraph (2), item (xxvii)-2 of the Act on Special Measures Concerning Taxation.
- (8) Beyond what is provided for in the preceding paragraphs, necessary matters related to the application of special provisions for the limit to individual credit reserve for bad debts prescribed in Article 52, paragraph (1) of the Corporation Tax Act with regard to monetary claims, out of those held by NEXI against a foreign government, etc. as of the end of each business year, that are specified by Order of the Ministry of Finance as monetary claims for which it is extremely difficult to receive payment due to prolonged delay in the performance of obligations by the relevant foreign government, etc. and to which the provisions of Article 52 of the Corporation Tax Act are applied, and

the application of other provisions of laws and regulations concerning corporation tax with regard to NEXI are provided for by Cabinet Order.

(Special Provisions for Taxation Pertaining to Registration and License Tax)  
Article 38 Registration and license tax is not imposed on the registration of an increase in the amount of stated capital when NEXI has received a contribution made by the national government pursuant to the provisions of Article 5, paragraph (1).

### **Chapter III Trade Insurance**

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

(Types of Trade Insurance)

Article 39 Trade insurance consists of general trade insurance, trade insurance for capital contributing foreign corporations, etc., international trade loan insurance, exchange risk insurance, export bill insurance, export guarantee insurance, prepayment import insurance, overseas investment insurance, and overseas untied loan insurance.

(Underwriting Conditions)

Article 40 (1) NEXI must specify conditions relating to premium rates for trade insurance and other conditions for underwriting (hereinafter referred to as "underwriting conditions"), and make a notification to the Minister of Economy, Trade and Industry pursuant to the provisions of Order of the Ministry of Economy, Trade and Industry. The same applies when it intends to change the relevant conditions.

- (2) When the Minister of Economy, Trade and Industry considers that the underwriting conditions contained in a notification under the preceding paragraph do not fall under any of the following items, the minister may order NEXI to change the relevant underwriting conditions by setting a time limit:
- (i) regarding the premium rates, income from the trade insurance business sufficiently covers expenditures;
  - (ii) the premium rates are not extremely unsuitable from the perspective of the burden of the policyholders;
  - (iii) specific groups of persons are not to receive unfairly differential treatment;
  - (iv) no harm will be done to the sound development of external transactions.
- (3) NEXI must not underwrite trade insurance under underwriting conditions other than those for which a notification has been made pursuant to the provisions of paragraph (1).

(Cancellation of Contracts)



Article 41 When a policyholder to a trade insurance contract, insured person, or person who is to receive an insurance payment has violated the provisions of this Act (including orders based on this Act), or has violated a trade insurance contract, NEXI may decide not to pay all or part of the insurance claim payment based on the relevant insurance contract, or have all or part of the insurance claim payment returned, or cancel the relevant insurance contract into the future.

(Subrogation)

Article 42 In cases in which the losses prescribed in Article 44, paragraph (2), Article 48, paragraph (2), Article 51, paragraph (2), Article 62, paragraph (2), Article 66, paragraph (2), Article 69, paragraph (2) or Article 71, paragraph (2) have occurred with respect to general trade insurance, trade insurance for capital contributing foreign corporations, etc., international trade loan insurance, export guarantee insurance, prepayment import insurance, overseas investment insurance, or overseas untied loan insurance; or cases in which the bank, etc. prescribed in Article 57, paragraph (1) could not receive payment upon maturity of a bill of exchange, or has paid a bill of exchange upon receiving a request for recourse with respect to export bill insurance, and when NEXI has made an insurance payment to an insured person or person who is to receive an insurance payment, NEXI acquires any rights held by the policyholders or insured persons against third parties, up to an amount equivalent to the amount of the relevant insurance payment.

(Handling of Cases in Which There Are Two or More Contracts)

Article 43 In cases in which a given contract falls under either two or more of an export contract, international intermediary trade contract, or technical cooperation contract, the application of the provisions of Section 5 and Section 7 are provided for as follows:

(i) except for the cases prescribed in the following item, in cases in which a given contract falls under both an export contract and international intermediary trade contract, a given contract falls under both an export contract and technical cooperation contract, or a given contract falls under both an international intermediary trade contract and technical cooperation contract: the relevant given contract is deemed to be an export contract when the amount of purchase monies for exported trade goods or the total sum of lease fees based on the contract (hereinafter referred to as "export payments") is equal to or exceeds the amount of purchase monies for international intermediary trade goods (meaning trade goods that an international trade intermediary sells or leases based on an international intermediary trade contract; the same applies hereinafter) or the total sum of

lease fees based on the contract (hereinafter referred to as "international intermediary trade payments"), or is equal to or exceeds the amount of the consideration for the provision of technologies or services associated with technical cooperation based on the relevant contract (hereinafter referred to as "technical cooperation consideration"); the given contract is deemed to be an international intermediary trade contract when international intermediary trade payments exceed export payments or technical cooperation consideration; and the relevant given contract is deemed to be a technical cooperation contract when technical cooperation consideration exceeds export payments or is equal to or exceeds international intermediary trade payments;

- (ii) in cases in which a given contract falls under all of an export contract, international intermediary trade contract, and technical cooperation contract, the relevant given contract is deemed to be an international intermediary trade contract when international intermediary trade payments exceed export payments and technical cooperation consideration; the relevant given contract is deemed to be a technical cooperation contract when technical cooperation consideration exceeds export payments and is equal to or exceeds international intermediary trade payments; and the relevant given contract is deemed to be an export contract in other cases;
- (iii) in cases in which a given contract is deemed to be an export contract pursuant to the provisions of the preceding two items, persons who are parties to the relevant contract, and who export trade goods and engage in the sale or lease of international intermediary trade goods, or who engage in the provision of technologies or services associated with technical cooperation are deemed to be exporters; the sale or lease of international intermediary trade goods, or the provision of technologies or services associated with technical cooperation based on the contract is deemed to be the export of trade goods (in cases in which the provisions of Article 54, paragraph (2) are applied, the trade goods provided for by Cabinet Order set forth in the same paragraph, and in cases in which the provisions of Article 62, paragraph (2) are applied, the trade goods provided for by Cabinet Order set forth in the same paragraph); and the purchase monies or lease fees for those international intermediary trade goods or the consideration for the provision of technologies or services associated with technical cooperation are deemed to be exported trade goods purchase monies;
- (iv) in cases in which a given contract is deemed to be a technical cooperation contract pursuant to the provisions of item (i) or item (ii), persons who are parties to the relevant contract and who engage in the provision of technologies or services associated with technical cooperation, and who export trade goods or engage in the sale or lease of international

intermediary trade goods are deemed to be technology providers; the export of trade goods or the sale or lease of international intermediary trade goods based on the relevant contract is deemed to be the provision of technologies or services associated with technical cooperation (in cases in which the provisions of Article 62, paragraph (2) are applied, the provision of technologies or services associated with technical cooperation which is provided for by Cabinet Order set forth in the same paragraph); and purchase monies or lease fees for those exported trade goods or purchase monies or lease fees for those international intermediary trade goods are deemed to be the consideration for them.

## **Section 2 General Trade Insurance**

(Insurance Contracts)

Article 44 (1) NEXI may underwrite general trade insurance.

(2) General trade insurance means trade insurance indemnifying losses falling under any of the following items:

- (i) losses incurred by an exporter through the inability to export trade goods based on an export contract due to a reason falling under any of the following, after the conclusion of an insurance contract (in cases in which the export of the relevant trade goods could be considered extremely difficult due to any reason falling under (a) to (e) below, including the inability to export the relevant trade goods by the date on which the period specified in the insurance contract had passed after the shipping date specified in the export contract) (such losses exclude those with respect to the exported trade goods themselves); or losses incurred by an international trade intermediary through the inability to sell or lease trade goods based on an international intermediary trade contract due to a reason falling under any of the following, after the conclusion of an insurance contract (in cases in which the sale or lease of the relevant trade goods could be considered extremely difficult due to any reason falling under (a) to (e) below, including the inability to sell or lease the relevant trade goods by the date on which the period specified in the insurance contract had passed after the shipping date specified in the international intermediary trade contract) (such losses exclude those with respect to the international intermediary trade goods themselves):
  - (a) restrictions or prohibitions on exchange transactions imposed in a foreign country;
  - (b) restrictions or prohibitions on imports imposed in a destination country;
  - (c) interruptions to exchange transactions due to war, revolution or insurrection occurring in a foreign country;

- (d) inability to import to a destination country due to war, revolution or insurrection occurring in that country;
- (e) interruptions to transportation to a destination country due to any reason arising outside of Japan;
- (f) beyond what is set forth in (a) to (e), any reason which cannot be considered attributable to the parties to an export contract or international intermediary trade contract, and which occur outside of Japan;
- (g) restrictions or prohibitions on exports or on the sale or lease of international intermediary trade goods pursuant to the provisions of the Foreign Exchange and Foreign Trade Act (Act No. 228 of 1949) (excluding the prohibitions prescribed in Article 25-2 or Article 53 of the relevant Act);
- (h) unilateral dissolution of an export contract or international intermediary trade contract by the counterparty to the export contract or international intermediary trade contract, or the cancellation of the export contract or international intermediary trade contract by an exporter or international trade intermediary on reasonable grounds attributable to the relevant counterparty;
- (i) the issuing of a decision on the commencement of bankruptcy proceedings with respect to the counterparty to an export contract or international intermediary trade contract, or other reason equivalent thereto;
- (ii) losses incurred by an exporter, who has exported trade goods based on an export contract, through the inability to collect purchase monies or lease fees for the relevant trade goods due to a reason falling under any of the following (excluding losses arising with respect to exported trade goods themselves other than those losses which have occurred with respect to exported trade goods due to war, revolution or insurrection occurring in the destination country); losses incurred by an international trade intermediary, who has sold or leased trade goods based on an international intermediary trade contract, through the inability to collect purchase monies or lease fees for the relevant trade goods due to a reason falling under any of the following (excluding losses arising with respect to international intermediary trade goods themselves other than those losses which have occurred with respect to international intermediary trade goods due to war, revolution or insurrection occurring in the destination country); or losses incurred by a technology provider, who has provided technologies or services associated with technical cooperation based on a technical cooperation contract, through the inability to collect the consideration for the provision of technologies or services associated with technical cooperation due to a reason falling under any of the following:
  - (a) restrictions or prohibitions on exchange transactions imposed in a foreign

- country;
- (b) war, revolution or insurrection occurring in a foreign country;
  - (c) beyond what is set forth in (a) and (b), any reason which cannot be considered attributable to the parties to an export contract, international intermediary trade contract, or technical cooperation contract, and which occurs outside of Japan;
  - (d) the issuing of a decision on the commencement of bankruptcy proceedings with respect to the counterparty to an export contract, international intermediary trade contract, or technical cooperation contract;
  - (e) delay in the performance of the obligations of the counterparty to an export contract, international intermediary trade contract, or technical cooperation contract for a period longer than the period specified in the insurance contract (limited to delays which cannot be considered attributable to the exporter, international trade intermediary, or technology provider);
- (iii) losses incurred by a producer of trade goods provided for by Cabinet Order, who is a party to a supply contract, through the inability to deliver the relevant trade goods or collect purchase monies for the trade goods based on the supply contract as a result of the exporter having incurred losses set forth in item (i) or losses set forth in the preceding item (limited to losses due to the arising of any reason falling under (a) to (c) of the preceding item; the same applies in Article 46, paragraph (3));
- (iv) losses incurred by an exporter or international trade intermediary through newly defrayed transportation costs or insurance premiums owing to navigational or route changes, due to any reason falling under item (i), (a) to (g) arising after the conclusion of the insurance contract;
- (v) losses incurred by an exporter, international trade intermediary, or technology provider through newly defrayed cost provided for by Cabinet Order due to a reason falling under item (ii), (b) arising after the conclusion of the insurance contract (excluding losses set forth in the preceding item).

(Insurable Value)

Article 45 For the purposes of general trade insurance pertaining to losses set forth in paragraph (2), item (ii) of the preceding Article, the insurable value is the amount of purchase monies or lease fees for trade goods based on an export contract, the amount of purchase monies or lease fees for trade goods based on an international intermediary trade contract, or the consideration for the provision of technologies or services based on a technical cooperation contract (when purchase monies or consideration is to be settled in installments in multiple time periods, the portion of the relevant purchase monies or consideration to be settled at one time).

(Insurance Claims)

- Article 46 (1) The amount of indemnity to be provided by NEXI with regard to general trade insurance pertaining to losses set forth in Article 44, paragraph (2), item (i) is the amount obtained by multiplying the specific rate prescribed in the insurance contract (hereinafter referred to as the "specific rate") by the amount remaining after deducting the amounts set forth in the following items from the amount of purchase monies based on an export contract for trade goods that an exporter was unable to export due to any reason falling under (a) to (i) of the same item (in cases in which the export of the relevant trade goods could be considered extremely difficult due to any reason falling under (a) to (e) of the same item, including trade goods which had not been exported by the date on which the period specified in the insurance contract had passed after the shipping date specified in the export contract), or from the amount of purchase monies based on an international intermediary trade contract for trade goods that an international trade intermediary was unable to sell or lease due to any reason falling under (a) to (i) of the same item (in cases in which the sale or lease of the relevant trade goods could be considered extremely difficult due to the arising of any reason falling under (a) to (e) of the same item, including trade goods which had not been sold or leased by the date on which the period specified in the insurance contract had passed after the shipping date specified in the international intermediary trade contract:
- (i) the amount collected, or amount that is expected to be collected, after the appropriation of trade goods or after necessary measures have otherwise been taken for the reduction of losses;
  - (ii) the amount in expenses no longer necessary, due to the relevant circumstances;
  - (iii) the amount of profit which was expected to be earned through the export or the sale or lease of trade goods (limited to the portion of the profit pertaining to the relevant trade goods).
- (2) The amount of indemnity to be provided by NEXI with regard to general trade insurance pertaining to losses set forth in Article 44, paragraph (2), item (ii) is obtained from the insurable value by multiplying the rate of the insured amount to the insurable value by the amount remaining after deducting the amounts set forth in the following items from the amount of purchase monies, lease fees or the consideration, which cannot be collected by the settlement deadline (in case of a reason falling under (e) of the same item, by the time when the period specified in the insurance contract has passed after the settlement deadline; the same applies in item (ii)) by the exporter, international trade intermediary, or technology provider due to any reason falling under Article 44, paragraph (2), item (ii), (a) to (e):

- (i) the amount in expenses no longer necessary, due to the relevant circumstances;
  - (ii) the amount collected after the settlement deadline.
- (3) The amount of indemnity to be provided by NEXI with regard to general trade insurance pertaining to losses set forth in Article 44, paragraph (2), item (iii) is the amount obtained by multiplying the specific rate by the amount remaining after deducting the amounts set forth in the following items from the amount of purchase monies based on the supply contract for trade goods that the producer was unable to deliver based on the supply contract or the portion of the amount of purchase monies that the Producer was unable to collect for trade goods that the Producer had delivered based on the supply contract, as a result of the exporter having incurred losses set forth in item (i) of the same paragraph or losses set forth in item (ii) of the same paragraph:
- (i) the amount collected or to be collected, after the appropriation of trade goods or after necessary measures have otherwise been taken for the reduction of losses;
  - (ii) the amount in expenses no longer necessary, due to the relevant circumstances;
  - (iii) the amount of profit which was expected to be earned through the delivery of trade goods (limited to the portion of the profit pertaining to the relevant trade goods).
- (4) The amount of indemnity to be provided by NEXI with regard to general trade insurance pertaining to losses set forth in Article 44, paragraph (2), item (iv) is the amount obtained by multiplying the specific rate by the amount of increase regarding the transportation costs or insurance premiums newly defrayed by the exporter or international trade intermediary owing to navigational or route changes, due to any reason falling under item (i), (a) to (g) of the same paragraph.
- (5) The amount of indemnity to be provided by NEXI with regard to general trade insurance pertaining to losses set forth in Article 44, paragraph (2), item (v) is obtained by multiplying the specific rate by the amount remaining after deducting, from the amount of increase in cost specified by Cabinet Order set forth in item (v) of the same paragraph that is to be newly defrayed by the exporter, international trade intermediary, or technology provider due to a reason falling under item (ii), (b) of the same paragraph, the amount acquired or to be acquired due to the amount of increase of the newly defrayed cost.

(Special Provisions Related to Export Contracts, Ancillary to Other Contracts)  
 Article 47 (1) With respect to the application of the provisions of Article 44, paragraph (2), item (i) in cases in which an export contract is for the export of trade goods necessary to perform part of the obligations based on a given

contract for the delivery of trade goods from a given region of a foreign country to another region of a foreign country based on the relevant contract (hereinafter such given contract is to be referred to as a "trade goods delivery contract" in this paragraph) to a party to the relevant trade goods delivery contract who delivers trade goods (limited to those Export Contracts for which the settlement deadline for all or part of any purchase monies for the exported trade goods is specified based on the reception date of all or part of the consideration for the performance of obligations based on the trade goods delivery contract), the term "or international intermediary trade contract" in (f) of the same item is to be deemed to be replaced with ", international intermediary trade contract, or trade goods delivery contract (meaning the trade goods delivery contract set forth in Article 47, paragraph (1); hereinafter the same applies in this item)"; in (h) of the same item, the term "or international intermediary trade contract" is deemed to be replaced with ", international intermediary trade contract, or trade goods delivery contract (for a trade goods delivery contract, counterparty is to mean the party which receives the delivery of trade goods; hereinafter the same applies in this item)," the term "or international intermediary trade contract" is deemed to be replaced with ", international intermediary trade contract, or trade goods delivery contract," and the term "or international trade intermediary" is deemed to be replaced with ", international trade intermediary, or the party to a trade delivery contract that delivers the trade goods"; and the term "or international intermediary trade contract" in (i) of the same item is deemed to be replaced with ", international intermediary trade contract, or trade goods delivery contract."

- (2) With respect to the application of the provisions of Article 44, paragraph (2), item (ii) and paragraph (2) of the preceding Article in cases in which an export contract or technical cooperation contract is for the delivery of trade goods or the provision of technologies or services to perform part of the obligations based on a given contract for the delivery of trade goods or the provision of technologies or services from a given region of a foreign country to another region of a foreign country based on the relevant contract (hereinafter such given contract is referred to as a "trade goods provision contract" in this paragraph) to a party to the trade goods provision contract who delivers trade goods or provides technologies or services (limited to those export contracts or technical cooperation contracts for which the settlement deadline for all or part of the purchase monies or lease fees for the exported trade goods or the consideration for the provision of technologies or services are specified based on the reception date of all or part of the consideration to perform the obligations based on the relevant trade goods provision contract), the term "or technical cooperation contract" in (c) of the same item is to be deemed to be



replaced with ", technical cooperation contract, or trade goods provision contract (meaning the trade goods provision contract set forth in Article 47, paragraph (2); hereinafter the same applies in this item and Article 46, paragraph (2))"; the term "or technical cooperation contract" in (d) of the same item is deemed to be replaced with ", technical cooperation contract, or trade goods provision contract (for a trade goods provision contract, counterparty is to mean the party which receives the delivery of trade goods or the provision of technologies or services; the same applies in (e))"; the term "or technical cooperation contract" in (e) of the same item is deemed to be replaced with ", technical cooperation contract, or trade goods provision contract"; and the term "settlement deadline" in the same paragraph is deemed to be replaced with "settlement date that is specified based on the reception date of the consideration for performing the obligations based on the trade goods provision contract."

### **Section 3 Trade Insurance for Capital Contributing Foreign Corporations, etc.**

(Insurance Contracts)

Article 48 (1) NEXI may underwrite trade insurance for capital contributing foreign corporations, etc.

- (2) Trade insurance for capital contributing foreign corporations, etc. is to mean trade insurance indemnifying losses falling under any of the following items:
- (i) losses incurred by a capital contributing foreign corporation, etc. through the inability to sell or lease trade goods based on a sales contract of capital contributing foreign corporation, etc. due to a reason falling under any of the following, after the conclusion of an insurance contract (in cases in which the sale or lease of the relevant trade goods could be considered extremely difficult due to any reason falling under (a) to (e) below, including the inability to sell or lease the relevant trade goods by the date on which the period specified in the insurance contract had passed after the shipping date specified in the sales contract of capital contributing foreign corporation, etc. (in cases in which a capital contributing foreign corporation, etc. sells or leases the relevant trade goods to a region of the foreign country where its head office or principal office is located, after the date of delivery)) (such losses exclude those arising with respect to the trade goods themselves sold by a capital contributing foreign corporation, etc. (meaning trade goods sold or leased by capital contributing foreign corporations, etc. based on a sales contract of capital contributing foreign corporation, etc.; the same applies hereinafter)); or losses incurred by a capital contributing foreign corporation, etc. through the inability to sell or lease trade goods based on an

international intermediary trade contract of capital contributing foreign corporation, etc. due to a reason falling under any of the following, after the conclusion of an insurance contract (in cases in which the sale or lease of the relevant trade goods could be considered extremely difficult due to any reason falling under (a) to (e) below, including the inability to sell or lease the relevant trade goods by the date on which the period specified in the insurance contract had passed after the shipping date specified in the international intermediary trade contract of capital contributing foreign corporation, etc. (such losses exclude those arising with respect to the international intermediary trade goods themselves sold by a capital contributing foreign corporation, etc. (meaning trade goods sold or leased by capital contributing foreign corporations, etc. based on an international intermediary trade contract of capital contributing foreign corporation, etc.; the same applies hereinafter))):

- (a) restrictions or prohibitions on exchange transactions imposed in a foreign country;
- (b) restrictions or prohibitions on imports, or on the sale or lease of trade goods imposed in a destination country (excluding Japan; the same applies in (d) and the following item);
- (c) interruptions to exchange transactions due to war, revolution or insurrection occurring in a foreign country;
- (d) inability to import, sell or lease trade goods to a destination country due to war, revolution or insurrection occurring in that country;
- (e) interruptions to transportation to a destination country due to any reason arising outside of Japan;
- (f) beyond what is set forth in (a) to (e), any reason which cannot be considered attributable to the parties to a sales contract of capital contributing foreign corporation, etc. or international intermediary trade contract of capital contributing foreign corporation, etc., and which occurs outside of Japan;
- (g) unilateral dissolution of a sales contract of capital contributing foreign corporation, etc. or international intermediary trade contract of capital contributing foreign corporation, etc. by the counterparty (excluding persons provided for by Cabinet Order) to the relevant sales contract of capital contributing foreign corporation, etc. or international intermediary trade contract of capital contributing foreign corporation, etc., or the cancellation of the relevant sales contract of capital contributing foreign corporation, etc. or international intermediary trade contract of capital contributing foreign corporation, etc. by a capital contributing foreign corporation, etc. on reasonable grounds attributable to the relevant counterparty;

- (h) the issuing of a decision on the commencement of bankruptcy proceedings with respect to the counterparty to a sales contract of capital contributing foreign corporation, etc. or international intermediary trade contract of capital contributing foreign corporation, etc., or other reason equivalent thereto;
- (ii) losses incurred by a capital contributing foreign corporation, etc., who has sold or leased trade goods provided for by Cabinet Order based on a sales contract of capital contributing foreign corporation, etc., through the inability to collect purchase monies or lease fees for the relevant trade goods due to a reason falling under any of the following (excluding losses arising with respect to trade goods themselves sold by a capital contributing foreign corporation, etc. other than those losses which have occurred with respect to trade goods themselves sold by a capital contributing foreign corporation, etc. due to war, revolution or insurrection occurring in the destination country); losses incurred by a capital contributing foreign corporation, etc., who has sold or leased trade goods based on an international intermediary trade contract of capital contributing foreign corporation, etc., through the inability to collect purchase monies or lease fees for the trade goods due to a reason falling under any of the following (excluding losses arising with respect to international intermediary trade goods themselves sold by a capital contributing foreign corporation, etc. other than those losses, with respect to international intermediary trade goods themselves sold by a capital contributing foreign corporation, etc. due to war, revolution or insurrection occurring in the destination country); or losses incurred by a capital contributing foreign corporation, etc., who has provided technologies or services associated with technical cooperation based on a technical cooperation contract of capital contributing foreign corporation, etc., through the inability to collect the consideration for the provision of technologies or services associated with technical cooperation due to a reason falling under any of the following:
  - (a) restrictions or prohibitions on exchange transactions conducted in a foreign country;
  - (b) war, revolution or insurrection occurring in a foreign country;
  - (c) beyond what is set forth in (a) and (b), any reason which cannot be considered attributable to the parties to a sales contract of capital contributing foreign corporation, etc., international intermediary trade contract of capital contributing foreign corporation, etc., or technical cooperation contract of capital contributing foreign corporation, etc., and which occur outside of Japan;
  - (d) the issuing of a decision on the commencement of bankruptcy proceedings with respect to the counterparty to a sales contract of capital contributing

foreign corporation, etc., international intermediary trade contract of capital contributing foreign corporation, etc., or technical cooperation contract of capital contributing foreign corporation, etc.;

- (e) delay in the performance of the obligations of the counterparty (excluding persons provided for by Cabinet Order set forth in (g) of the preceding item) to a sales contract of capital contributing foreign corporation, etc., international intermediary trade contract of capital contributing foreign corporation, etc., or technical cooperation contract of capital contributing foreign corporation, etc. for a period longer than the period specified in the insurance contract (limited to delays which cannot be considered attributable to the capital contributing foreign corporation, etc.);
- (iii) losses incurred by a capital contributing foreign corporation, etc. (limited to those who sell or lease trade goods based on a sales contract of capital contributing foreign corporation, etc. or international intermediary trade contract of capital contributing foreign corporation, etc.; the same applies in Article 50, paragraph (3)) through newly defrayed transportation costs or insurance premiums owing to navigational or route changes, due to any reason falling under item (i), (a) to (f) arising after the conclusion of the insurance contract;
- (iv) losses incurred by a capital contributing foreign corporation, etc. through newly defrayed cost provided for by Cabinet Order due to a reason falling under item (ii), (b) occurring after the conclusion of the insurance contract (excluding losses set forth in the preceding item).

#### (Insurable Value)

Article 49 For the purposes of trade insurance for capital contributing foreign corporations, etc. pertaining to losses set forth in paragraph (2), item (ii) of the preceding Article, the insurable value is to be the amount of purchase monies or lease fees for trade goods based on a sales contract of capital contributing foreign corporation, etc., the amount of purchase monies or lease fees for trade goods based on an international intermediary trade contract of capital contributing foreign corporation, etc., or the consideration for the provision of technologies or services based on a technical cooperation contract of capital contributing foreign corporation, etc. (when purchase monies or consideration is to be settled in installments in multiple time periods, the portion of the purchase monies or consideration to be settled at one time).

#### (Insurance Claims)

Article 50 (1) The amount of indemnity to be provided by NEXI with regard to trade insurance for capital contributing foreign corporations, etc. pertaining to losses set forth in Article 48, paragraph (2), item (i) is to be the amount

obtained by multiplying the specific rate by the amount remaining after deducting the amounts set forth in the following items from the amount of purchase monies based on a sales contract of capital contributing foreign corporation, etc. or international intermediary trade contract of capital contributing foreign corporation, etc. for trade goods that a capital contributing foreign corporation, etc. was unable to sell or lease due to any reason falling under (a) to (h) of the same item (in cases in which the sale or lease of the relevant trade goods could be considered extremely difficult due to any reason falling under (a) to (e) of the same item, including trade goods which had not been sold or leased by the date on which the period specified in the insurance contract had passed after the shipping date provided for in the sales contract of capital contributing foreign corporation, etc. or international intermediary trade contract of capital contributing foreign corporation, etc. (in cases in which a capital contributing foreign corporation, etc. sells or leases the relevant trade goods based on a sales contract of capital contributing foreign corporation, etc. to a region of the foreign country where its head office or principal office is located, after the date of delivery):

- (i) the amount collected or to be collected, after the appropriation of trade goods or after necessary measures have otherwise been taken for the reduction of losses;
  - (ii) the amount in expenses no longer necessary, due to the relevant circumstances;
  - (iii) the amount of profit which was expected to be earned through the sale or lease of trade goods (limited to the portion of the profit pertaining to the relevant trade goods).
- (2) The amount of indemnity to be provided by NEXI with regard to trade insurance for capital contributing foreign corporations, etc. pertaining to losses set forth in Article 48, paragraph (2), item (ii) is to be the amount obtained by multiplying the rate of the insured amount to insurable value by the amount remaining after deducting the amounts set forth in the following items from the amount of purchase monies or lease fees or the consideration, which cannot be collected by the settlement deadline (in case of a reason falling under (e) of the same item, by the time when the period specified in the insurance contract has passed after the settlement deadline; the same applies in item (ii)) by the capital contributing foreign corporation, etc. due to any reason falling under Article 48, paragraph (2), item (ii), (a) to (e), out of the insurable value:
- (i) the amount in expenses no longer necessary, due to the relevant circumstances;
  - (ii) the amount collected after the settlement deadline.
- (3) The amount of indemnity to be provided by NEXI with regard to trade insurance for capital contributing foreign corporations, etc. pertaining to losses

set forth in Article 48, paragraph (2), item (iii) is to be the amount obtained by multiplying the specific rate by the amount of increase regarding the transportation costs or insurance premiums newly defrayed by the capital contributing foreign corporation, etc. owing to navigational or route changes, due to any reason falling under item (i), (a) to (f) of the same paragraph.

- (4) The amount of indemnity to be provided by NEXI with regard to trade insurance for capital contributing foreign corporations, etc. pertaining to losses set forth in Article 48, paragraph (2), item (iv) is to be the amount obtained by multiplying the specific rate by the amount remaining after deducting, from the amount of increase in cost provided for by Cabinet Order set forth in item (iv) of the same paragraph that is to be newly defrayed by the capital contributing foreign corporation, etc. due to a reason falling under item (ii), (b) of the same paragraph, the amount acquired or to be acquired due to the relevant amount of increase of the newly defrayed cost.

#### **Section 4 International Trade Loan Insurance**

(Insurance Contracts)

Article 51 (1) NEXI may underwrite international trade loan insurance.

- (2) International trade loan insurance means trade insurance indemnifying losses incurred by a person having provided international trade loans through the inability to collect the principal or interest on international trade loan claims, etc. or other incidental claims provided for by Cabinet Order (hereinafter referred to as "loans, etc.") due to a reason falling under any of the following items: losses incurred through the performance of the guarantee obligations owing to the non-performance of obligations of the principal obligor pertaining to the guarantee obligations due to any reason falling under item (i) to item (iv); or losses incurred through the inability to collect an amount expected to be acquired based on a right to obtain reimbursement acquired due to the performance of the guarantee obligations owing to the non-performance (excluding non-performance due to any reason falling under item (i) to item (iv)) of obligations of the principal obligor pertaining to the guarantee obligations (limited to cases in which this cannot be considered attributable to the person responsible for the guarantee obligations, and that situation continues over a period from the date of acquisition of the right to obtain reimbursement to the date on which the period specified in the insurance contract has passed):
- (i) restrictions or prohibitions on exchange transactions imposed in a foreign country;
  - (ii) war, revolution or insurrection occurring in a foreign country;
  - (iii) beyond what is set forth in the preceding two items, any reason occurring

outside of Japan, and which cannot be considered attributable to the person having provided international trade loans (excluding the bearing of the guarantee obligations; hereinafter the same applies in this paragraph) or its counterparty, the person having taken on the guarantee obligations, principal obligor or creditors pertaining to the guarantee obligations;

(iv) the issuing of a decision on the commencement of bankruptcy proceedings with respect to the counterparty to the international trade loans, or the principal obligor pertaining to the guarantee obligations;

(v) delay in the performance of the obligations of the counterparty to the international trade loans for a period longer than the period specified in the insurance contract (limited to delays which cannot be considered attributable to the person having provided international trade loans).

(Insurable Value)

Article 52 For the purposes of international trade loan insurance, the insurable value is to be the amount of loans, etc. or guarantee obligations pertaining to international trade loans (when loans, etc. are to be reimbursed or the guarantee obligations are to be performed in installments in multiple periods, the portion of the relevant loans, etc. or guarantee obligations to be reimbursed or performed at one time).

(Insurance Claims)

Article 53 The amount of indemnity to be provided by NEXI with regard to international trade loan insurance is to be the amount obtained out of the insurable value by multiplying the rate of the insured amount to insurable value by the amount remaining after deducting the amounts set forth in the following items from the amount of loans, etc. that the person having provided international trade loans cannot collect by the reimbursement deadline due to a reason falling under any of the items of Article 51, paragraph (2) (in case of a reason falling under item (v) of the same paragraph, by the time when the period specified in the insurance contract has passed after the reimbursement deadline; the same applies hereinafter); the amount that the relevant person has paid through the performance of guarantee obligations owing to the non-performance of obligations of the principal obligor pertaining to guarantee obligations due to any reason falling under item (i) to item (iv); or the amount expected to be acquired based on a right to obtain reimbursement acquired due to the performance of guarantee obligations owing to the non-performance (excluding non-performance due to any reason falling under item (i) to item (iv)) of obligations of the principal obligor pertaining to guarantee obligations, which cannot be collected by the time the period specified in the insurance contract has passed after the date of acquisition of the right to obtain

reimbursement (excluding the amount that cannot be collected due to any reason which cannot be considered attributable to the person having taken on the guarantee obligations):

- (i) the amount in expenses no longer necessary, due the relevant circumstances;
- (ii) the amount collected after the reimbursement deadline, after performing the guarantee obligations, or after the date on which the period specified in the insurance contract has passed after the date of acquisition of the right to obtain reimbursement.

## **Section 5 Exchange Risk Insurance**

(Insurance Contracts)

Article 54 (1) NEXI may underwrite exchange rate insurance.

(2) Exchange risk insurance means, in cases in which an exporter exports trade goods based on an export contract (limited to those which pertain to the export of trade goods provided for by Cabinet Order, and in which all or part of the purchase monies and lease fees for the trade goods is expressed in a foreign currency provided for by Cabinet Order (hereinafter referred to as a "specified foreign currency")), or a technology provider provides technologies or services associated with technical cooperation based on a technical cooperation contract (limited to those in which all or part of the consideration for the provision of technologies or services is expressed in a specified foreign currency), trade insurance indemnifying losses incurred with respect to any portion of the purchase monies or lease fees for the exported trade goods, or the consideration for the provision of technologies or services is expressed in a specified foreign currency (excluding the portion for which the settlement deadline expires by the time when the period provided for by Cabinet Order has passed after the date on which the application for the conclusion of the insurance contract was made, and the portion for which the settlement deadline expires after the passage of the period provided for by Cabinet Order after the date on which the application for the conclusion of the insurance contract was made; hereinafter referred to as "purchase monies, etc."), through a decline of 3 percent or greater in the exchange rate set forth in item (i) against the exchange rate set forth in item (ii):

- (i) the exchange rate for a specified foreign currency that is expressed in Japanese currency in Japan on the date on which the settlement deadline expires (hereinafter referred to as a "specified foreign currency exchange rate"); provided, however, that when the relevant specified foreign currency exchange rate is lower than the specified foreign currency exchange rate on the date on which purchase monies, etc. were collected, this is to mean the



- specified foreign currency exchange rate on that date;
- (ii) the specified foreign currency exchange rate on the date on which the application for the conclusion of the insurance contract was made; provided, however, that when the relevant specified foreign currency exchange rate is higher than the specified foreign currency exchange rate on the date on which the relevant export contract or technical cooperation contract was concluded, this means the specified foreign currency exchange rate on that date.

(Insurance Claims)

Article 55 The amount of indemnity to be provided by NEXI with regard to exchange risk insurance is to be the amount remaining after converting the amount of purchase monies, etc. collected by an exporter or technology provider as expressed in the relevant specified foreign currency (hereinafter referred to as the "amount of purchase monies, etc. expressed in foreign currency") into Japanese currency based on the specified foreign currency exchange rate set forth in paragraph (2), item (ii) of the preceding Article (hereinafter referred to as the "amount of purchase monies, etc. expressed in Japanese currency"), and then deducting the sum of the amount of purchase monies, etc. expressed in foreign currency converted into Japanese currency based on the specified foreign exchange rate set forth in item (i) of the same paragraph and the amount of purchase monies, etc. expressed in Japanese currency multiplied by 3 percent (when the relevant remaining amount exceeds the amount obtained by multiplying the amount of purchase monies, etc. expressed in Japanese currency by the rate provided for by Cabinet Order, that amount).

(Payment of Exchange Gains)

Article 56 When the specified foreign currency exchange rate on the date on which purchase monies, etc. are collected has made a steep gain exceeding 3 percent against the specified foreign currency exchange rate set forth in Article 54, paragraph (2), item (ii), a policyholder is to pay to NEXI the amount remaining after deducting the amount of purchase monies, etc. expressed in Japanese currency multiplied by 103 percent, from the amount obtained by converting the collected amount of purchase monies, etc. expressed in foreign currency into Japanese currency based on the specified foreign currency exchange rate on the date of collection (when the relevant remaining amount exceeds the amount obtained by multiplying the amount of purchase monies, etc. expressed in Japanese currency by the rate provided for by Cabinet Order set forth in the preceding Article).

**Section 6 Export Bill Insurance**

(Insurance Contracts)

Article 57 (1) NEXI may conclude insurance contracts for export bill insurance, while taking, as a counterparty, a bank prescribed in Article 2, paragraph (1) of the Banking Act (Act No. 59 of 1981) or other person provided for by Cabinet Order (hereinafter referred to as a "bank, etc." in this Section), for every business year or semi-annual period.

(2) Export bill insurance means trade insurance establishing insurance relations between NEXI and a bank, etc. for the indemnification of amounts of payments which could not be received upon maturity of a bill of exchange, or amounts for which payment was made by the bank, etc. upon receiving a request for recourse for a bill of exchange, through making a notification to NEXI that a bill of exchange issued for the collection of purchase monies for exported trade goods was negotiated by the bank, etc. from the issuer.

(Insurable Value)

Article 58 For the purposes of export bill insurance, the insurable value is to be the amount of the bill.

(Insurance Claims)

Article 59 The amount of indemnity to be provided by NEXI based on export bill insurance relations is to be the amount obtained out of the insurable value by multiplying the rate of the insured amount to insurable value by the amount remaining after deducting the amounts set forth as follows from the amounts of payments which could not be received upon maturity of a bill of exchange, or amounts for which payment was made by a bank, etc. upon receiving a request for recourse for a bill of exchange:

- (i) the amount of payment received after maturity;
- (ii) the amount collected through the appropriation of ancillary trade goods or otherwise through the exercise of rights pertaining to ancillary trade goods;
- (iii) the amount collected through exercise of the right of recourse.

(Non-Exercise of Right of Recourse)

Article 60 NEXI is not to exercise the right of recourse with respect to amounts equivalent to insurance claims paid when a bank, etc. has not received payment on maturity of a bill of exchange, or when the reasons regarding the receipt of a request for recourse for a bill of exchange were not reasonably attributable to the issuer, in cases in which NEXI has made an insurance claim payment and acquired rights associated with the relevant bill of exchange pursuant to the provisions of Article 42.

(Limitations on the Establishment of Insurance Relations)

Article 61 When the risks associated with a transaction are very high, yet it is otherwise necessary for the operation of trade insurance business activities, NEXI need not undertake to establish insurance relations based on an insurance contract for export bill insurance into the future.

## **Section 7 Export Guarantee Insurance**

(Insurance Contracts)

Article 62 (1) NEXI may underwrite export guarantee insurance.

(2) Export guarantee insurance means trade insurance indemnifying losses incurred through the performance, in accordance with the terms of a guarantee, of the guarantee obligations upon receiving a request from the counterparty to an export guarantee after the conclusion of an insurance contract, by a bank prescribed in Article 2, paragraph (1) of the Banking Act or other person provided for by Cabinet Order (hereinafter referred to as the "guarantor" in this Section), in cases falling under any of the following items, with respect to export guarantees issued to a person undertaking tenders, exporter, or technology provider (hereinafter referred to as a "bidder, etc.") in relation to the export of trade goods provided for by Cabinet Order, or the provision of technologies or services associated with technical cooperation provided for by Cabinet Order, based on the entrustment of the relevant bidder, etc.:

- (i) when a bidder, etc., who is the principal obligor, has performed an obligation that is subject to a guarantee set forth in Article 2, paragraph (14), item (i) or item (ii) based on a tender, export contract or technical cooperation contract (hereinafter referred to as an "obligation subject to guarantee"), in accordance with its main purport;
- (ii) in cases in which a bidder, etc., who is the principal obligor, does not perform an obligation subject to guarantee in accordance with its main purport, or could not do so, when it is determined by the relevant parties that the relevant bidder, etc. should not be liable for non-performance of obligations, for any reason set forth in Article 44, paragraph (2), item (i), (a) to (i) or any other reason which cannot be considered attributable to the bidder, etc.

(Insurable Value)

Article 63 The insurable value of export guarantee insurance is to be the amount of the export guarantee.

(Insurance Claims)

Article 64 The amount of indemnity to be provided by NEXI with respect to

export guarantee insurance is to be the amount obtained out of the insurable value by multiplying the rate of the insured amount to insurable value by the amount remaining after deducting the amount collected from the counterparty to the export guarantee from the amount paid by the guarantor in accordance with the terms of the guarantee upon receiving a demand from the counterparty to the export guarantee, in cases falling under any of the items of Article 62, paragraph (2) (in cases in which the relevant export guarantee is a guarantee set forth in Article 2, paragraph (14), item (i) or item (ii), when all or part of the principal obligations are performed in lieu of the payment of penalty fees or other similar monies on behalf of the principal obligor, or a third party has been made to perform the same, whichever is the smaller: the expenses required for the relevant performance, or the penalty fees or other similar monies).

(Non-Exercise of Rights)

Article 65 In cases in which NEXI has made an insurance claim payment and has acquired the right to obtain reimbursement from a bidder, etc., who is the principal obligor, that was acquired by a guarantor through the performance of the guarantee obligations to an export guarantee, or has acquired the right to demand payment of monies pertaining to a guarantee given to a person having made a guarantee with respect to compensatory obligations of the relevant bidder, etc. in cases in which a guarantee set forth in Article 2, paragraph (14), item (iii) has been received, pursuant to the provisions of Article 42, NEXI is not to exercise those rights.

## **Section 8 Prepayment Import Insurance**

(Insurance Contracts)

Article 66 (1) NEXI may underwrite prepayment import insurance.

(2) Prepayment import insurance means trade insurance indemnifying losses incurred by a prepayment importer through the inability to receive the return of purchase monies or lease fees paid prior to the shipping date of trade goods (hereinafter referred to as "advance payments") based on a prepayment import contract due to a reason falling under any of the following items, in cases in which the Prepayment Importer was unable to import the trade goods based on the relevant prepayment import contract:

- (i) restrictions or prohibitions on exchange transactions imposed in a foreign country;
- (ii) war, revolution or insurrection occurring in a foreign country;
- (iii) beyond what is set forth in the preceding two items, any reason which cannot be considered attributable to the parties to a prepayment import

- contract, and which occurs outside of Japan;
- (iv) the issuing of a decision on commencement of bankruptcy proceedings with respect to the counterparty to a prepayment import contract;
  - (v) Delay in the performance of obligations pertaining to the prior payments of the counterparty to the prepayment import contract for a period longer than the period specified in the insurance contract (limited to delays which cannot be considered attributable to the prepayment importer).

(Insurable Value)

Article 67 The insurable value of prepayment import insurance is the amount of advance payments.

(Insurance Claims)

Article 68 The amount of indemnity to be provided by NEXI for prepayment import insurance is to be the amount obtained by multiplying the rate of the insured amount to insurable value by the amount remaining after deducting the amounts set forth in the following items from the amount of advance payments whose return cannot be received by the prepayment importer by the deadline for return of advance payments, due to a reason falling under any of the items of Article 66, paragraph (2) (when due to a reason falling under item (v) of the same paragraph, by the time when the period specified in the insurance contract has passed after the deadline for return of advance payments; the same applies in item (ii)), out of the insurable value:

- (i) the amount in expenses no longer necessary, due to the relevant circumstances;
- (ii) the amount collected after the deadline for return of advance payments.

## **Section 9 Overseas Investment Insurance**

(Insurance Contracts)

Article 69 (1) NEXI may underwrite overseas investment insurance.

(2) Overseas investment insurance means trade insurance indemnifying losses incurred by a person having made an overseas investment due to a reason falling under any of the following items:

- (i) the dispossession by a foreign government, etc. of the principal of shares, etc., (hereinafter referred to as "principal" in this Section), the right to claim payment on dividends for shares, etc. (hereinafter referred to as "dividend payment claims"), or rights relating to real estate, etc.;
- (ii) the impossibility of the continuation of the business activities of the counterparty to an overseas investment set forth in Article 2, paragraph (17), item (i) or other reasons provided for by Cabinet Order, after the relevant

- counterparty to the overseas investment has incurred damages due to war, revolution, insurrection, violence, disturbances or other reasons arising outside of Japan which cannot be considered attributable to the person having made the overseas investment or the relevant counterparty, or has incurred damages through the infringement by a foreign government, etc. on rights relating to real estate, equipment, raw materials or other items, mining rights, industrial property rights, or other rights or interests which are particularly necessary for the operation of its business;
- (iii) The inability to utilize rights relating to real estate, etc. for business activities after having incurred damages with respect to the relevant rights relating to real estate, etc., due to war, revolution, insurrection, violence, disturbances, or other reasons arising outside of Japan which cannot be considered attributable to the person having made the overseas investment;
- (iv) the inability to remit amounts acquired due to the loss of principal (excluding cases in which this is due to a reason set forth in item (i), item (ii) or the following item), dividends on shares, etc., or amounts acquired due to the loss of rights relating to real estate, etc. (excluding cases in which this is due to a reason set forth in item (i) or the preceding item; hereinafter such amounts are to be referred to as "acquired amounts"), to Japan (in cases in which a capital contributing foreign corporation, etc. has made an overseas investment, to a region of the foreign country where its head office or principal office is located; the same applies in paragraph (2) and paragraph (5) of the following Article) during a period longer than the period provided for by Cabinet Order, due to a reason falling under any of the following:
- (a) restrictions or prohibitions on exchange transactions imposed in a foreign country;
- (b) interruptions to exchange transactions due to war, revolution or insurrection occurring in a foreign country;
- (c) the management of the relevant acquired amounts by a foreign government, etc.;
- (d) the rescission of permission to remit the relevant acquired amounts, or the non-granting of permission in cases in which a foreign government, etc. has promised in advance to grant that permission;
- (e) the confiscation of acquired amounts by a foreign government, etc., due to a reason set forth in (a) to (d);
- (v) The issuing of a decision on the commencement of bankruptcy proceedings with respect to the counterparty to the overseas investment, with regard to the overseas investments set forth in Article 2, paragraph (17), item (i) (limited to cases in which this cannot be considered attributable to the person having made the overseas investment, except for a decision set forth in item (ii)).

- (3) The insurance period for overseas investment insurance must not exceed the period provided for by Cabinet Order by 10 years or more.

(Insurance Claims)

Article 70 (1) The amount of indemnity to be provided by NEXI for overseas investment insurance pertaining to losses incurred due to any reason falling under paragraph (2), item (i) to item (iii) of the preceding Article is to be the amount obtained by multiplying the specific rate by the amount remaining after deducting the amounts set forth in the following items from the amount of decrease in the appraised value of the principal, dividend payment claims, or rights relating to real estate, etc. pertaining to the relevant reason calculated by the method specified in the insurance contract:

- (i) the amount acquired or to be acquired due to the arising of the relevant reason;
- (ii) the amount collected after necessary measures have been taken for the reduction of losses.

(2) The amount of indemnity to be provided by NEXI for overseas investment insurance pertaining to losses incurred due to any reason set forth in paragraph (2), item (iv) of the preceding Article is to be the amount obtained by multiplying the specific rate by the amount remaining after deducting the amounts set forth in the following items from, for losses pertaining to amounts acquired due to the loss of principal or rights relating to real estate, etc. (hereinafter referred to as "principal, etc."), whichever is the smaller: the amount that could not be remitted to Japan during a period longer than the period provided for by Cabinet Order set forth in the same item due to any reason falling under (a) to (e) of the same item (excluding amounts which were to be remitted to Japan before the arising of that reason; hereinafter this is to be referred to as the "non-remitted amount"), or the amount of consideration for the acquisition of the principal, etc. (in cases in which the relevant principal, etc. is appraised based on the insurance contract after acquisition thereof, the most recent appraised value); and for losses pertaining to dividends on shares, etc., the non-remitted amount:

- (i) the amount that the person no longer needs to expend due to the relevant reason;
- (ii) the amount expended including the relevant non-remitted amount;
- (iii) the amount collected after necessary measures have been taken for the reduction of losses.

(3) The amount of indemnity to be provided by NEXI for overseas investment insurance pertaining to losses incurred due to a reason falling under paragraph (2), item (v) of the preceding Article is to be the amount obtained by multiplying the specific rate by the amount remaining after deducting the

amounts set forth in the following items from, for losses pertaining to the principal, the amount of consideration for the acquisition of the principal pertaining to the reason (in cases in which the relevant principal is appraised based on the insurance contract after acquisition thereof, the most recent appraised value); and for losses pertaining to dividend payment claims, the amount of dividends expected to be acquired based on the dividend payment claim pertaining to the relevant reason:

(i) the amount acquired due to the relevant reason, or the amount that is expected to be acquired;

(ii) the amount collected after necessary measures have been taken for the reduction of losses.

(4) When the amount of indemnity to be provided by NEXI calculated pursuant to the provisions of the preceding three paragraphs with respect to the principal, etc. or its accumulated amount exceeds the amount remaining after deducting the amounts set forth in the following items from the amount of consideration for the acquisition of the principal, etc. (in cases in which the relevant principal, etc. is appraised based on the insurance contract after acquisition thereof, the most recent appraised value), the amount of indemnity to be provided by NEXI is to be that remaining amount, notwithstanding those provisions:

(i) whichever is the larger: the amount acquired or to be acquired due to the loss of the relevant principal, etc. before the relevant reason (excluding the loss due to a reason falling under paragraph (2), item (i) to item (iii), or item (v) of the preceding Article) (in cases in which a non-remitted amount is included, the amount remaining after deducting the relevant non-remitted amount from those amounts); or the amount of consideration for the acquisition of the lost principal, etc. (in cases in which the relevant principal, etc. is appraised based on the insurance contract after acquisition thereof, the most recent appraised value);

(ii) the amount acquired or to be acquired due to any reason falling under paragraph (2), item (i) to item (iii), or item (v) of the preceding Article, before the occurrence of the relevant reason;

(iii) the amounts prescribed in the items of paragraph (1), the items of paragraph (2), or the items of the preceding paragraph.

(5) Notwithstanding the provisions of paragraph (1) and the preceding two paragraphs, in cases in which there is an amount that could not be remitted to Japan, out of the amount acquired or to be acquired due to any reason falling under paragraph (2), item (i) to item (iii), or item (v) of the preceding Article, due to any reason falling under the following items (excluding amounts which were to be remitted to Japan before the relevant reason; hereinafter this is to be referred to as the "non-remitted acquired amount") NEXI is to, in addition



to the amount of indemnity to be provided as calculated pursuant to the provisions of paragraph (1) and the preceding two paragraphs, provide indemnity for the difference between that amount and the amount of indemnity to be provided by it as calculated by applying the provisions of paragraph (1) and the preceding two paragraphs and deeming the amounts remaining after deducting the non-remitted acquired amount from the amounts prescribed in paragraph (1), item (i), paragraph (3), item (i), or item (ii) of the preceding paragraph to be the amounts prescribed in paragraph (1), item (i), paragraph (3), item (i), or item (ii) of the preceding paragraph, respectively:

- (i) confiscation by a foreign government, etc.;
- (ii) the management by a foreign government, etc. (limited to control which continues over a period longer than the period provided for by Cabinet Order);
- (iii) reasons equivalent to those set forth in the preceding two items that are provided for by Cabinet Order.

## **Section 10 Overseas Untied Loan Insurance**

(Insurance Contracts)

Article 71 (1) NEXI may underwrite overseas untied loan insurance.

- (2) Overseas untied loan insurance means, trade insurance indemnifying losses incurred by a person having provided an overseas untied loan through the inability to collect the overseas untied loan receivables, etc. or other loans, etc. due to a reason falling under any of the following items; losses incurred through the performance of the guarantee obligations owing to the non-performance of obligations of the principal obligor pertaining to the guarantee obligations due to any reason falling under item (i) to item (iv); or losses incurred through the inability to collect an amount expected to be acquired based on a right to obtain reimbursement acquired due to the performance of guarantee obligations owing to the non-performance (excluding non-performance due to any reason falling under item (i) to item (iv)) of obligations of the principal obligor pertaining to the guarantee obligations (limited to cases in which this cannot be considered attributable to the person having agreed to the guarantee obligations, and that situation continues over a period from the date of acquisition of the right to obtain reimbursement to the date on which the period specified in the insurance contract has passed):
- (i) restrictions or prohibitions on exchange transactions imposed in a foreign country;
  - (ii) war, revolution or insurrection occurring in a foreign country;
  - (iii) beyond what is set forth in the preceding two items, any reason that exist outside of Japan, and which cannot be considered attributable to the person

having provided the overseas untied loan (excluding the taking on the guarantee obligations; hereinafter the same applies in this paragraph) or its counterparties, or the person having taken on the guarantee obligations, or the principal obligor or creditors pertaining to the guarantee obligations;

(iv) the issuing of a decision on the commencement of bankruptcy proceedings with respect to the counterparty to the overseas untied loan, or the principal obligor pertaining to the guarantee obligations;

(v) delay in the performance of an obligation by the counterparty to the overseas untied loan for a period longer than the period specified in the insurance contract (limited to cases in which this cannot be considered attributable to the person having provided the overseas untied loan).

#### (Insurable Value)

Article 72 The insurable value of overseas untied loan insurance is to be the amount of loans, etc. or guarantee obligations pertaining to the overseas untied loan (when loans, etc. are to be reimbursed or guarantee obligations are to be performed in installments in multiple time periods, the portion of the relevant loans, etc. or performance of the guarantee obligations to be reimbursed or performed at one time).

#### (Insurance Claims)

Article 73 The amount of indemnity to be provided by NEXI for overseas untied loan insurance is to be the amount obtained out of the insurable value by multiplying the rate of the insured amount to insurable value by the amount remaining after deducting the amounts set forth in the following items from the amount of loans, etc. which cannot be collected by the person having provided the overseas untied loan by the reimbursement deadline due to a reason falling under any of the items of Article 71, paragraph (2) (when due to a reason falling under item (v) of the same paragraph, by the time when the period specified in the insurance contract has passed after the reimbursement deadline; the same applies hereinafter); the amount paid as performance of the guarantee obligations due to the non-performance of obligations of the principal obligor pertaining to guarantee obligations due to any reason falling under item (i) to item (iv) of the same paragraph; or the amount which cannot be collected by the date on which the period specified in the insurance contract has passed from the date of acquisition of a right to reimbursement with respect to amounts expected to be acquired based on the right to reimbursement acquired due to the performance of the guarantee obligations owing to the non-performance (excluding non-performance due to any reason falling under item (i) to item (iv) of the same paragraph) of obligations of the principal obligor pertaining to guarantee obligations (excluding amounts which

cannot be collected due to any reason which cannot be considered attributable to the person having taken on the guarantee obligations):

- (i) the amount of unnecessary expenditure due to the arising of the relevant reason;
- (ii) the amount collected after the reimbursement date, or after the performance of the guarantee obligations or after the date on which the period specified in the insurance contract has passed from the date of acquisition of the right to reimbursement.

#### **Chapter IV Penal Provisions**

Article 74 A person who has disclosed or appropriated confidential information in violation of the provisions of Article 10 is punished by imprisonment for not more than one year, or a fine of not more than 500,000 yen.

Article 75 If NEXI or an Entrusted Financial Institution fails to make a report under the provisions of Article 32, paragraph (1), or makes a false report; or refuses, impedes or avoids the inspection under the provisions of the same paragraph, the directors, executive officers, accounting advisors (if the accounting advisor is a corporation, a member who is to carry out the duties thereof), or company auditors of NEXI, or officers or employees of the relevant entrusted financial institution having committed such violations are punished by a fine of not more than 300,000 yen.

Article 76 In cases falling under any of the following items, the directors, executive officers, accounting advisors or a member who is to carry out the duties thereof, or company auditors of NEXI having committed such violations are punished by a non-criminal fine of not more than 1,000,000 yen:

- (i) in cases in which it is necessary to obtain the authorization or approval of the Minister of Economy, Trade and Industry pursuant to the provisions of this Act, if the relevant authorization or approval has not been obtained;
- (ii) if business operations other than those specified in Article 12, paragraph (1) and paragraph (2) have been carried out;
- (iii) if a notification has not been made to the Minister of Economy, Trade and Industry in violation of the provisions of Article 16, paragraph (2);
- (iv) if financial statements have not been submitted or financial statements containing false statements or records have been submitted in violation of the provisions of Article 20;
- (v) if an order pursuant to the provisions of Article 21, paragraph (4), Article 31, paragraph (2), or Article 40, paragraph (2) has been violated;
- (vi) if a policy reserve has not been set aside in violation of the provisions of

Article 22;

- (vii) if a reserve for outstanding claims has not been set aside in violation of the provisions of Article 23;
- (viii) if the surplus funds have been invested in violation of the provisions of Article 29;
- (ix) if international trade insurance has been underwritten in violation of the provisions of Article 40, paragraph (3).

Article 77 A person who has violated the provisions of Article 6 is punished by a non-criminal fine of not more than 100,000 yen.

**Supplementary Provisions [Extract]**

- (1) This Act comes into effect as of the date of promulgation.

**Supplementary Provisions [Act No. 176 of June 1, 1951] [Extract]**

- (1) This Act comes into effect as of the date of promulgation.

**Supplementary Provisions [Act No. 281 of November 30, 1951]**

This Act comes into effect as of December 1, 1951.

**Supplementary Provisions [Act No. 33 of March 31, 1952] [Extract]**

- (1) This Act comes into effect as of April 1, 1952.
- (2) Prior laws continue to govern Class-A insurance underwritten by insurance companies prior to the enforcement of this Act.

**Supplementary Provisions [Act No. 276 of July 31, 1952] [Extract]**

- (1) This Act comes into effect as of August 1, 1952.

**Supplementary Provisions [Act No. 79 of July 24, 1953] [Extract]**

- (1) This Act comes into effect as of August 1, 1953.
- (2) The Export Indemnification Act (Act No. 6 of 1930) is hereby abolished.
- (7) Prior laws continue to govern Class-A insurance underwritten by insurance companies prior to the enforcement of this Act; and reinsurance of Class-A insurance and insurance relations for Class-C insurance established prior to the enforcement of this Act.

**Supplementary Provisions [Act No. 13 of March 29, 1954]**

This Act comes into effect as of April 1, 1954.

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

- (1) This Act comes into effect as of the date of promulgation.

**Supplementary Provisions [Act No. 73 of April 16, 1956]**

This Act comes into effect as of the date of promulgation.

**Supplementary Provisions [Act No. 96 of May 2, 1957] [Extract]**

- (1) This Act comes into effect as of the date of promulgation.
- (2) Prior laws continue to govern overseas investment insurance underwritten by the government prior to the enforcement of this Act; provided, however, that this does not apply with respect to the application of the provisions of Article 14-2 and Article 14-3 after the amendment.

**Supplementary Provisions [Act No. 59 of April 15, 1958] [Extract]**

- (1) This Act comes into effect as of a date specified by Cabinet Order within a period not exceeding six months from the date of promulgation.
- (2) After this Act comes into effect, an insurance company may not underwrite general export insurance in which a reinsurance relation is established based on a contract, which is concluded by the government taking the relevant insurance company as the counterparty, for the reinsurance of ordinary export insurance that the relevant insurance company has underwritten in FY1958.
- (3) Prior laws continue to govern general export insurance underwritten by an insurance company before this Act comes into effect (hereinafter referred to as "old insurance") and insurance relations for reinsurance of old insurance established before this Act comes into effect.
- (4) The government may, pursuant to the provisions of Cabinet Order, conclude a contract with an insurance company that provides for the succession of the relevant insurance company to rights and duties based on an insurance contract for old insurance.

**Supplementary Provisions [Act No. 103 of May 2, 1962]**

This Act comes into effect as of the day on which 30 days have elapsed from the date of promulgation.

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

- (1) This Act comes into effect as of October 1, 1962.
- (2) The provisions after the amendment by this Act also apply, except in cases in which there are special provisions in these supplementary provisions, to disposition of administrative agencies prior to the enforcement of this Act, inaction of administrative agencies pertaining to applications made prior to the enforcement of this Act, and other matters of concern prior to the enforcement of this Act; provided, however, that this does not obstruct effects under the provisions prior to the amendment by this Act.
- (3) Prior laws continue to govern petitions, applications for examination, objections or other appeals filed before this Act comes into effect (hereinafter referred to as "petitions, etc."), after the enforcement of this Act. This also applies to determinations, decisions, or other dispositions of petitions, etc. (hereinafter referred to as "determinations, etc.") on petitions, etc. issued before this Act comes into effect, or petitions, etc. filed in objection to determinations, etc. on petitions, etc. that have been filed before this Act comes into effect issued after this Act comes into effect.
- (4) After this act comes into effect, petitions etc. under the preceding paragraph which pertain to dispositions that may be appealed pursuant to the provisions of the Administrative Appeal Act are deemed to be appeals made pursuant to the provisions of the Administrative Appeal Act with respect to the application of laws other than the relevant Act.
- (5) Determinations, etc. on requests for administrative review, objections or other appeals issued before this Act comes into effect pursuant to the provisions of paragraph (3) may not be subjected to an appeal under the Administrative Appeal Act.
- (6) With respect to dispositions of administrative agencies prior to the enforcement of this Act on which petitions, etc. may be made pursuant to the provisions prior to the amendment by this Act and for which the period for making petitions, etc. has not been specified, the period during which an appeal may be made pursuant to the provisions of the Administrative Appeal Act is counted from the date of the enforcement of this Act.
- (8) Prior laws continue to govern the applicability of penal provisions to conducts that a person has engaged in before this Act comes into effect.
- (9) Beyond what is provided for in the preceding eight paragraphs, necessary transitional measures concerning the enforcement of this Act are provided for by Cabinet Order.

**Supplementary Provisions [Act No. 90 of June 1, 1964]**

This Act comes into effect as of the day on which 30 days have elapsed from the date of promulgation.

**Supplementary Provisions [Act No. 17 of March 31, 1965] [Extract]**

(1) This Act comes into effect as of April 1, 1965.

**Supplementary Provisions [Act No. 57 of May 15, 1970]**

- (1) This Act comes into effect as of the date of promulgation.
- (2) Prior laws continue to govern overseas investment principal insurance and overseas investment profit insurance underwritten by the government before this Act comes into effect, except if the insurance contract for the overseas investment principal insurance or overseas investment profit insurance has been changed into an insurance contract for overseas investment insurance by a renewal.

**Supplementary Provisions [Act No. 2 of January 20, 1972]**

This Act comes into effect as of the date of promulgation.

**Supplementary Provisions [Act No. 66 of July 25, 1973] [Extract]**

(Effective Date)

(1) This Act comes into effect as of the date of promulgation.

**Supplementary Provisions [Act No. 61 of May 30, 1974] [Extract]**

(Effective Date)

(1) This Act comes into effect as of a date specified by Cabinet Order within a period not exceeding six months from the date of promulgation.

(Abolishment of the Equipment Export Exchange Losses Act)

(3) The Equipment Export Exchange Losses Act (Act No. 61 of 1952) is hereby abolished.

**Supplementary Provisions [Act No. 21 of April 22, 1977] [Extract]**

(Effective Date)

- (1) This Act comes into effect as of the date provided for by Cabinet Order within a period not exceeding six months from the date of promulgation.

**Supplementary Provisions [Act No. 55 of May 23, 1978] [Extract]**

(Effective Date)

- (1) This Act comes into effect as of the date of promulgation; provided, however, that the provisions set forth in the following items come into effect as of the date specified in the relevant items:
  - (i) the provisions in Article 49 to amend Article 16-3, paragraph (3) and paragraph (4) of the Mental Health Act, and the provisions in Article 59 to amend Article 70 of the Forest Act: The day on which six months have elapsed from the date of promulgation;
  - (ii) the provisions of Article 1 (excluding the portion pertaining to the Council for Measures for Typhoon-Susceptible Areas) and of Article 6 to Article 9, the provisions in Article 10 to amend Article 7, paragraph (1) of the Act on Special Measures Concerning Promotion and Development of the Amami Islands, and the provisions of Article 11, Article 12 and Article 14 to Article 32: A date specified by Cabinet Order within a period up to March 31, 1979.

**Supplementary Provisions [Act No. 35 of May 6, 1981] [Extract]**

(Effective Date)

- (1) This Act comes into effect as of October 1, 1981.

(Transitional Measures)

- (2) Prior laws continue to govern export insurance underwritten by the government before the enforcement of this Act.

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

- (1) This Act (excluding Article 1) comes into effect as of July 1, 1984.
- (2) Necessary transitional measures regarding bodies that have been established pursuant to the provisions of a law on the day before this Act comes into effect, and, after this Act comes into effect, will be deemed to be established pursuant to the provisions of Cabinet Order based on the provisions of the National Government Organization Act or related Acts amended by this Act (hereinafter referred to as "related Cabinet Order"), or other necessary transitional measures regarding the establishment, amendment or abolition of related Cabinet Order accompanying the enforcement of this Act, may be provided for



by Cabinet Order.

### **Supplementary Provisions [Act No. 32 of May 18, 1984]**

(Effective Date)

- (1) This Act comes into effect as of the date of promulgation; provided, however, that the provisions in Article 1 to amend Article 5-3, paragraph (2), Article 5-8, and Article 5-9 of the Export Insurance Act come into effect as of the date specified by Cabinet Order within a period not exceeding six months from the date of promulgation.

(Transitional Measures)

- (2) Prior laws continue to govern consignment sales export insurance and overseas advertising insurance underwritten by the government prior to the enforcement of this Act.

### **Supplementary Provisions [Act No. 3 of March 30, 1987] [Extract]**

(Effective Date)

Article 1 This Act comes into effect as of October 1, 1987; provided, however, the provisions set forth in the following items come into effect as of the date specified in the relevant items:

- (i) the provisions to amend the Title, the portion of the provisions to amend the Contents that pertain to Chapter VII, the provisions to amend Article 1, the provisions to amend the Title of Article 1-3, the portion of the provisions to amend the same Article that replaces "export insurance" with "international trade insurance," the provisions to amend Article 1-4, the provisions to amend Article 1-5, the portion of the provisions to amend Article 1-7 and Article 3 that replaces "export insurance" with "international trade insurance," the provisions to amend Article 5-2, paragraph (2), the provisions to amend Article 5-6-2, paragraph (2), the provisions to amend Article 5-7, paragraph (2), the provisions to amend Article 10-2, paragraph (2), the portion of the provisions to amend Article 14-2, paragraph (2) that replaces "export insurance" with "international trade insurance," the provisions to amend the Title of Chapter VII, the provisions to amend Article 16, paragraph (1), the portion of the provisions to amend paragraph (2) of the same Article that replaces "export insurance" with "international trade insurance," the provisions of paragraph (1) of the following Article, the provisions of Article 4 of the Supplementary Provisions (limited to the provisions to amend the Title of the Export Insurance Special Accounting Act (Act No. 68 of 1950), the provisions to amend Article 1 of the relevant Act,

and the provisions to amend paragraph (3), item (i) of the Supplementary Provisions to the relevant Act), the provisions of Article 5 of the Supplementary Provisions, the provisions of Article 6 of the Supplementary Provisions, and the provisions of Article 7 of the Supplementary Provisions (limited to the portions of the provisions to amend Article 4, item (xvi) and Article 5, paragraph (1), item (xi) of the Act for Establishment of the Ministry of International Trade and Industry (Act No. 275 of 1952) that replace "export insurance" with "international trade insurance," and the provisions to amend Article 11, item (iv) of the relevant Act.): April 1, 1987;

(ii) the portion of the provisions to amend the Contents that pertain to Chapter IV, the portion of the provisions to amend Article 1-3 that deletes ", export finance insurance," the provisions to amend Article 1-6, the portion of the provisions to amend Article 1-7 that deletes item (iv) and changes item (iii) to item (iv) and item (ii)-2 to item (iii), the provisions to amend Chapter IV, and the portions of the provisions of paragraph (2) of the following Article and Article 4 of the Supplementary Provisions that delete ", Article 10" from the provisions to amend Article 4, paragraph (1) of the Export Insurance Special Accounting Act: April 1, 1988.

(Transitional Measures)

Article 2 (1) With regard to the application of the provisions of Article 6, paragraph (2) of the Trade and Investment Insurance Act after the amendment by this Act during the period from the date provided for in item (i) of the proviso to the preceding Article until March 31, 1988, the term "export insurance" in the same paragraph is deemed to be replaced with "international trade insurance."

(2) Prior laws continue to govern insurance relations for export finance insurance established prior to the date provided for in item (ii) of the proviso to the preceding Article.

Article 3 Prior laws continue to govern overseas investment insurance underwritten by the government prior to the enforcement of this Act.

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

(Effective Date)

Article 1 This Act comes into effect as of a date specified by Cabinet Order within a period not exceeding two months from the date of promulgation.

### **Supplementary Provisions [Act No. 36 of May 6, 1993] [Extract]**

(Effective Date)

- (1) This Act comes into effect as of the date specified by Cabinet Order within a period not exceeding six months from the date of promulgation.

(Transitional Measures)

- (2) Prior laws continue to govern overseas investment insurance underwritten by the government prior to the enforcement of this Act.

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

(Effective Date)

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

(Transitional Measures Regarding Appealed Adverse Dispositions)

Article 2 In cases in which an appeal has been made to undertake procedures for a hearing or granting of opportunity for explanation, or other procedures equivalent to those for opinion statements, as prescribed in Article 13 of the Administrative Procedure Act, towards a council or other collegiate body, based on laws and regulations, prior to the enforcement of this Act, or other similar demand has been made, notwithstanding the provisions of related Acts after amendment by this Act, prior laws continue to govern procedures for adverse dispositions pertaining to the relevant appeal or other similar demand.

(Transitional Measures Regarding Penal Provisions)

Article 13 Prior laws continue to govern the applicability of penal provisions to conducts that a person has engaged in before this Act comes into effect.

(Transitional Measures Regarding the Arrangement of Provisions Related to Hearings)

Article 14 Hearings, consultations and hearing panels (excluding those pertaining to adverse dispositions) that took place pursuant to the provisions of an Act prior to the enforcement of this Act, or procedures associated with the same are deemed to have taken place pursuant to corresponding provisions of related Acts after the amendment by this Act.

(Delegation to Cabinet Order)

Article 15 Beyond what is provided for in Article 2 to the preceding Article of the Supplementary Provisions, necessary transitional measures concerning the enforcement of this Act are provided for by Cabinet Order.

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

(Effective Date)

Article 1 This Act comes into effect as of April 1, 1998.

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

(Effective Date)

Article 1 This Act comes into effect as of the date on which the Act for Partial Amendment of the Cabinet Act (Act No. 88 of 1999) comes into effect; provided, however, that the provisions set forth in the following items come into effect as of the date specified in the relevant items.

(ii) the provisions of Article 10, paragraph (1) and paragraph (5), Article 14, paragraph (3), Article 23, Article 28 and Article 30 of the Supplementary Provisions: The date of promulgation

(Succession of Status of Officials)

Article 3 Persons who are employees (excluding the president or chairperson and members of a council, etc. set forth in Article 8 of the National Administrative Organization Act (Act No. 120 of 1948), members of the Central Disaster Prevention Council, the chairperson and members of the Japanese Industrial Standards Committee, and those provided for by Cabinet Order as similar to these persons) of any of the previous Prime Minister's Office, Ministry of Justice, Ministry of Foreign Affairs, Ministry of Finance, Ministry of Education, Ministry of Health and Welfare, Ministry of Agriculture, Forestry and Fisheries, Ministry of International Trade and Industry, Ministry of Transport, Ministry of Posts and Telecommunications, Ministry of Labour, Ministry of Construction, or Ministry of Home Affairs (hereinafter referred to as "previous ministries" in this Article) at the time when this Act comes into effect, unless their appointment is announced separately, become employees, with the same working conditions, of any of the Cabinet Office, Ministry of Internal Affairs and Communications, Ministry of Foreign Affairs, Ministry of Finance, Ministry of Education, Culture, Sports, Science and Technology, Ministry of Health, Labour and Welfare, Ministry of Agriculture, Forestry and Fisheries, Ministry of Economy, Trade and Industry, Ministry of Land, Infrastructure, Transport and Tourism, and Ministry of the Environment after the enforcement of this Act (referred to above as "new ministries") or any department or organ established thereunder, as provided for by Cabinet Order as corresponding to any of the previous ministries or any department or organ established thereunder to which those employees have belonged.

(Separately Provided Transitional Measures)

Article 30 Beyond what is provided for in Article 2 to the preceding Article, necessary transitional measures accompanying the enforcement of this Act are provided for by separate Acts.

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

(Effective Date)

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

**Supplementary Provisions [Act No. 202 of December 22, 1999] [Extract]**

(Effective Date)

Article 1 This Act comes into effect as of the date specified by Cabinet Order within a period not exceeding six months from January 6, 2001; provided, however, that the provisions set forth in the following items come into effect as of the date specified in the relevant items:

- (i) the provisions to add four Articles, three Sections, Chapter Titles and Section Titles after Article 3 (limited to the portion pertaining to Article 21), and the provisions of Article 7 and Article 8 of the Supplementary Provisions: January 6, 2001;
- (ii) the provisions of Article 11 and Article 15 of the Supplementary Provisions: The date of promulgation.

(Succession of Officials)

Article 2 Persons who are employees of departments or organs of the Ministry of Economy, Trade and Industry as provided for by Cabinet Order at the time of the establishment of the Incorporated Administrative Agency Nippon Export and Investment Insurance (hereinafter referred to as "NEXI"), except for those persons designated by the Minister of Economy, Trade and Industry, and unless their employment is announced separately, become employees of NEXI on the date of its establishment.

Article 3 With respect to the application of the provisions of Article 82, paragraph (2) of the National Public Service Act (Act No. 120 of 1947) to persons who have become employees of NEXI pursuant to the provisions of the preceding Article, employees of NEXI are deemed to have retired so as to become national public servants in the special service, etc. prescribed in the same paragraph, and the loss of their position as a national public servant pursuant to the provisions of the preceding Article is considered to have

resigned, to become a national public servant in the special service, etc. prescribed in the same paragraph on request of an appointer.

- Article 4 (1) In cases in which an employee of the Ministry of Economy, Trade and Industry becomes an employee of NEXI pursuant to the provisions of Article 2 of the Supplementary Provisions, retirement allowance based on the National Public Service Retirement Allowance Act (Act No. 182 of 1953) is not paid to that person.
- (2) When NEXI intends to pay retirement allowance upon the retirement of one of its employees to whom the provisions of the preceding paragraph have been applied, the period of service of that person as an employee prescribed by Article 2, paragraph (1) of the National Public Service Retirement Allowance Act (including persons deemed to be employees pursuant to the provisions of paragraph (2) of the same Article) is deemed to be a period of service as an employee of NEXI, and handled as such.
- (3) Regarding calculations of length of service to be used as the basis for calculating retirement allowance paid based on the National Public Service Retirement Allowance Act to persons working as employees of the Ministry of Economy, Trade and Industry on the day prior to the date of establishment of NEXI, in cases in which the relevant persons have continued to work as employees of NEXI pursuant to the provisions of Article 2 of the Supplementary Provisions, and have become employees as prescribed in Article 2, paragraph (1) of the relevant Act after continuing to work as employees of NEXI, the period of service of the relevant persons as employees of NEXI is deemed to be their continued period of service prescribed in the same paragraph; provided, however, that this does not apply when the relevant persons have received retirement allowance (including payments equivalent to it) through retirement from NEXI.
- (4) NEXI is to pay as retirement allowance, an amount equivalent to the amount of retirement allowance calculated by the same rules as the provisions of Article 10 of the National Public Service Retirement Allowance Act, to persons who were working as employees of the Ministry of Economy, Trade and Industry on the day prior to establishment of NEXI and have continued to work as employees of NEXI pursuant to the provisions of Article 2 of the Supplementary Provisions, and have retired from NEXI within a period starting from the date of establishment of NEXI to the acquisition of eligibility for unemployment benefits pursuant to the provisions of the Employment Insurance Act (Act No. 116 of 1976), and who would have been able to receive payment of retirement allowance pursuant to the provisions of the same Article if they had continued to be employees of the Ministry of Economy, Trade and Industry until the day of retirement.

Article 5 When a person, who has become an employee of NEXI pursuant to the provisions of Article 2 of the Supplementary Provisions and has received recognition pursuant to the provisions of Article 7, paragraph (1) of the Child Allowance Act (Act No. 73 of 1971) (including cases in which it is applied mutatis mutandis pursuant to Article 6, paragraph (2) of the Supplementary Provisions to the relevant Act; hereinafter the same applies in this Article) from the Minister of Economy, Trade and Industry or a person delegated by the minister on the day prior to the date of establishment of NEXI, is eligible for child allowance or for payments set forth in Article 6, paragraph (1) of the Supplementary Provisions to the relevant Act (hereinafter referred to as "special payments") on the day of establishment of NEXI, then with respect to payments of child allowance or special payments to that person, recognition by the municipal mayor (including mayors of special wards) pursuant to Article 7, paragraph (1) of the relevant Act is deemed to have been given on the date of establishment of NEXI. In this case, payments of child allowance or special payments, for which recognition is deemed to have been given, begin the month after the month in which the day prior to the date of establishment of NEXI falls, notwithstanding the provisions of Article 8, paragraph (2) of the relevant Act (including cases in which it is applied mutatis mutandis pursuant to Article 6, paragraph (2) of the Supplementary Provisions to the relevant Act).

(Transitional Measures Regarding Employee Organizations of Persons  
Becoming Employees of NEXI)

Article 6 (1) Employee organizations specified in Article 108-2, paragraph (1) of the National Public Service Act existing at the time of establishment of NEXI, the majority of whose membership is to pass on to NEXI pursuant to the provisions of Article 2 of the Supplementary Provisions, become labor unions to which the Labor Union Act (Act No. 174 of 1949) applies, upon the establishment of NEXI. In this case, when such employee organization is a corporation, it becomes an incorporated labor union.

(2) If an organization which has become an incorporated labor union pursuant to the provisions of the preceding paragraph fails to receive certification from the Labor Relations Commission to the effect that it complies with the provisions of Article 2 and Article 5, paragraph (2) of the Labor Union Act and to register itself at the location of its principal office by the day on which 60 days have elapsed from the date of establishment of NEXI, it is dissolved upon the elapse of the relevant date.

(3) With respect to an organization which has become a labor union pursuant to the provisions of paragraph (1), the provisions of the proviso to Article 2 of the Labor Union Act (limited to the portion pertaining to item (i)) do not apply

from the date of establishment of NEXI to the day on which 60 days have elapsed.

(Succession to Rights and Obligations)

Article 7 (1) Upon the establishment of NEXI, regarding insurance business activities pursuant to the provisions of the Trade and Investment Insurance Act prior to amendment (hereinafter referred to as the "old Act"), NEXI succeeds to the rights and obligations held by the State at the time of its establishment, except for those set forth as follows:

- (i) rights pertaining to cash and deposits under international trade insurance special accounting;
  - (ii) claims against foreign governments, foreign local governments or bodies equivalent thereto, foreign corporations, or foreign persons, acquired with regard to insurance claim payments for international trade insurance pursuant to the provisions of the old Act;
  - (iii) liabilities from the Trust Fund Bureau for international trade insurance special accounting;
  - (iv) other rights and obligations provided for by Cabinet Order.
- (2) When NEXI has succeeded to rights and obligations held by the State pursuant to the provisions of the preceding paragraph, an amount corresponding to the total value of properties pertaining to the rights succeeded to which are provided for by Cabinet Order are deemed to have been invested in NEXI by the government upon succession.
- (3) The value of properties set forth in the preceding paragraph, which have been deemed to have been invested by the government pursuant to the provisions of the same paragraph, are appraised by the evaluators based on their market value on the date of the establishment of NEXI.
- (4) Evaluators set forth in the preceding paragraph and other necessary matters regarding appraisal are provided for by Cabinet Order.

(Use of National Property Free of Charge)

Article 8 Pursuant to the provisions of Cabinet Order, and for the usage of NEXI, the State may allow NEXI to use national property without charge, provided for by Cabinet Order and which is used by departments or organs of the Ministry of Economy, Trade and Industry provided for by Cabinet Order, at the time of the establishment of NEXI.

(Transitional Measures Regarding International Trade Insurance,  
Underwritten by the Government)

Article 9 (1) Prior laws continue to govern international trade insurance other than export bill insurance underwritten by the government before this Act



comes into effect. In this case, the term "government" in the provisions of the old Act that are to continue to be governed by prior laws are deemed to be replaced with "NEXI."

- (2) Prior laws continue to govern insurance relations for export bill insurance established before this Act comes into effect. In this case, the term "government" in the provisions of the old Act that are to continue to be governed by prior laws is deemed to be replaced with "NEXI."

(Transitional Measures Regarding Reinsurance)

Article 10 (1) When NEXI has succeeded to insurance liabilities or reinsurance liabilities defrayed by the government before this Act comes into effect, pursuant to the provisions of Article 7, paragraph (1) of the Supplementary Provisions, with respect to the relevant insurance liabilities or reinsurance liabilities, a reinsurance relationship is established between the government and NEXI.

- (2) The amount of indemnity to be provided by the government for the reinsurance set forth in the preceding paragraph is the amount remaining after deducting the amount collected from the amount of insurance payment or reinsurance payment to be paid by NEXI.
- (3) When NEXI has received payment of reinsurance pursuant to the provisions of the preceding paragraph, it must pay to the government the amount collected after demanding the payment of the relevant reinsurance.
- (4) When NEXI has received payment pursuant to the provisions of Article 22 of the old Act that are to continue to be governed by prior laws pursuant to the provisions of paragraph (1) of the preceding Article, it must pay to the government the amount of the relevant payment received.
- (5) Beyond what is provided for in the preceding three paragraphs, other necessary matters regarding the reinsurance relations set forth in paragraph (1) are provided for by Order of the Ministry of Economy, Trade and Industry.
- (6) In cases in which government reinsurance business activities are to take place pursuant to the provisions of paragraph (1), the term "reinsurance" in Article 182 of the Act on Special Accounts (Act No. 23 of 2007) is deemed to be replaced with "reinsurance and reinsurance set forth in Article 10, paragraph (1) of the Supplementary Provisions to the Act Amending Part of the Trade and Investment Insurance Act (Act No. 202 of 1999)"; the term "of reinsurance" in Article 184, item (i), (a) and item (ii), (d) of the relevant Act is deemed to be replaced with "of reinsurance and reinsurance set forth in Article 10, paragraph (1) of the Supplementary Provisions to the Act Amending Part of the Trade and Investment Insurance Act"; the term "Article 61, paragraph (1)" in item (i), (b) of the same Article is deemed to be replaced with "Article 61, paragraph (1) and Article 10, paragraph (3) of the Supplementary Provisions to

the Act Amending Part of the Trade and Investment Insurance Act"; the term "Article 61, paragraph (2)" in (h) of the same item is deemed to be replaced with "Article 61, paragraph (2) and Article 10, paragraph (4) of the Supplementary Provisions to the Act Amending Part of the Trade and Investment Insurance Act"; the term "and government reinsurance set forth in the Trade and Investment Insurance Act" in Article 186, paragraph (1), item (iii) of the relevant Act is deemed to be replaced with "and government reinsurance set forth in the Trade and Investment Insurance Act, and reinsurance set forth in Article 10, paragraph (1) of the Supplementary Provisions to the Act Amending Part of the Trade and Investment Insurance Act"; and the term "and Article 61, paragraph (2) of the Trade and Investment Insurance Act" in Article 191, paragraph (2) of the relevant Act is deemed to be replaced with "and Article 61, paragraph (2) of the Trade and Investment Insurance Act and Article 10, paragraph (4) of the Supplementary Provisions to the Act Amending Part of the Trade and Investment Insurance Act."

#### Article 11 Deleted

(Delegation to Cabinet Order)

Article 15 Beyond what is provided for in Article 2 to Article 10 and in Article 13 of the Supplementary Provisions, necessary transitional measures accompanying the establishment of NEXI, and other necessary transitional measures regarding the enforcement of this Act, are provided for by Cabinet Order.

#### **Supplementary Provisions [Act No. 84 of May 26, 2000] [Extract]**

(Effective Date)

Article 1 This Act comes into effect as of June 1, 2000.

#### **Supplementary Provisions [Act No. 75 of June 27, 2001] [Extract]**

(Effective Date)

Article 1 This Act comes into effect as of April 1, 2002 (hereinafter referred to as the "effective date"), and applies with respect to short term company bonds, etc. issued after the effective date.

(Transitional Measures Regarding the Application of Penal Provisions)

Article 7 Prior laws continue govern the applicability of penal provisions to conducts that a person has engaged in before the effective date and conducts that a person has engaged in after the effective date but which, pursuant to the

provisions of these Supplementary Provisions, is to continue to be governed by prior laws.

(Delegation of Other Transitional Measures to Cabinet Order)

Article 8 Beyond what is provided for in these Supplementary Provisions, other necessary transitional measures concerning the enforcement of this Act are provided for by Cabinet Order.

(Reviewing)

Article 9 After five years from the enforcement of this Act, the government is to perform a review with respect to the systems pertaining to transfer institutions, while taking into consideration the status of enforcement of this Act and changes in the relevant socioeconomic factors, and enact necessary measures based on the results of the review when the government finds it necessary.

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

(Effective Date)

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

(Transitional Measures Regarding Application of Penal Provisions)

Article 84 Prior laws continue to govern the applicability of penal provisions to conducts that a person has engaged in before this Act comes into force (for the provisions set forth in the items of Article 1 of the Supplementary Provisions, the relevant provisions; hereinafter the same applies in this Article) and conducts that a person engages in after this Act comes into force but which, pursuant to the provisions of these Supplementary Provisions, are to continue to be governed by prior laws.

(Delegation of Other Transitional Measures to Cabinet Order)

Article 85 Beyond what is provided for in these Supplementary Provisions, other necessary transitional measures concerning the enforcement of this Act are provided for by Cabinet Order.

(Reviews)

Article 86 After five years from the enforcement of this Act, the government is to perform a review with respect to the system pertaining to protective trusts prescribed in Article 2, paragraph (11) of the New Act on the Transfer of Company Bonds and the system pertaining to financial commodity clearing organizations prescribed in Article 2, paragraph (29) of the Financial Instruments and Exchange Act, while taking into consideration the status of

enforcement of the New Act on the Transfer of Company Bonds and the Financial Instruments and Exchange Act, and changes in the relevant socioeconomic factors, and enact necessary measures based on the results of the review when the government finds it necessary.

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

(Effective Date)

Article 1 This Act comes into effect as of April 1, 2004.

(Transitional Measures Regarding the Application of Penal Provisions)

Article 38 Prior laws continue to govern the applicability of penal provisions to conducts that a person has engaged in before this Act comes into effect.

(Delegation of Other Transitional Measures to Cabinet Order)

Article 39 Beyond what is provided for in this Act, other necessary transitional measures concerning the enforcement of this Act are provided for by Cabinet Order.

(Reviews)

Article 40 After five years from the effective date of this Act, the government is to perform a review with respect to the financial systems after the amendment by this Act, while taking into consideration the status of enforcement of the provisions after the amendment by this Act and changes in the relevant socioeconomic factors, and enact necessary measures based on the results of the review when the government finds it necessary.

**Supplementary Provisions [Act No. 76 of June 2, 2004] [Extract]**

(Effective Date)

Article 1 This Act comes into effect as of the date on which the Bankruptcy Act (Act No. 75 of 2004; referred to as the "New Bankruptcy Act" in paragraph (8) of the next Article, and Article 3, paragraph (8), Article 5, paragraph (8), paragraph (16) and paragraph (21), Article 8, paragraph (3), and Article 13 of the Supplementary Provisions) comes into effect.

(Delegation to Cabinet Order)

Article 14 Beyond what is provided for in Article 2 to the preceding Article of the Supplementary Provisions, other necessary transitional measures concerning the enforcement of this Act are provided for by Cabinet Order.

**Supplementary Provisions [Act No. 88 of June 9, 2004] [Extract]**

(Effective Date)

Article 1 This Act comes into effect as of the date provided for by Cabinet Order within a period not exceeding five years from the date of promulgation (hereinafter referred to as the "effective date").

(Transitional Measures Regarding the Application of Penal Provisions)

Article 135 Prior laws continue to govern the applicability of penal provisions to conducts that a person has engaged in before this Act comes into effect and conducts that a person engages in after this Act comes into effect but which, pursuant to these Supplementary Provisions, is to continue to be governed by prior laws or for which prior laws remain in force.

(Delegation of Other Transitional Measures to Cabinet Order)

Article 136 Beyond what is provided for in these Supplementary Provisions, other necessary transitional measures concerning the enforcement of this Act are provided for by Cabinet Order.

(Reviews)

Article 137 After five years from the effective date of this Act, the government is to perform a review with respect to the settlement system pertaining to transactions of shares, etc. after the amendment by this Act, while taking into consideration the status of enforcement of the provisions after the amendment by this Act and changes in the relevant socioeconomic factors, and enact necessary measures based on the results of the review when the government finds it necessary.

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

This Act comes into effect as of the date on which the Companies Act comes into effect.

**Supplementary Provisions [Act No. 23 of March 31, 2007] [Extract]**

(Effective Date)

Article 1 This Act comes into effect as of April 1, 2007, and applies from the FY2007 budget; provided, however, that the provisions set forth in the following items come into effect as of the date specified in the relevant items, and the provisions of Article 2, paragraph (1), item (iv), item (xvi) and item (xvii), Chapter II, Section 4, Section 16 and Section 17, and Article 49 to

Article 65 of the Supplementary Provisions applies from the FY2008 budget.

(Transitional Measures Regarding Penal Provisions)

Article 391 Prior laws continue to govern the applicability of penal provisions to conducts that a person has engaged in before this Act comes into effect and conducts that a person engages in after this Act comes into effect but which, pursuant to these Supplementary Provisions, is to continue to be governed by prior laws.

(Delegation of Other Transitional Measures to Cabinet Order)

Article 392 Beyond what is provided for in Article 2 to Article 65, Article 67 to Article 259, and Article 382 to the preceding Article of the Supplementary Provisions, other necessary transitional measures concerning the enforcement of this Act are provided for by Cabinet Order.

### **Supplementary Provisions [Act No. 57 of June 6, 2008]**

This Act comes into effect as of the date on which the Insurance Act comes into effect.