

Order for Enforcement of the Act on Engagement in Trust Business by Financial Institutions

(Cabinet Order No. 31 of March 3, 1993)

The Cabinet hereby enacts this Cabinet Order in line with the implementation of the Act on the Coordination of the Relevant Acts for the Reform of the Financial System and the Securities and Exchange System (Act No. 87 of 1992) and pursuant to the provisions of Article 1, paragraph (1), Article 5-2, Article 6 and Article 9-2 of the Act on Engagement in Trust Business by Financial Institutions (Act No. 43 of 1943).

(Definitions)

- Article 1 (1) In this Cabinet Order, the term "trust business" means trust business as prescribed in Article 1, paragraph (1) of the Act on Engagement in Trust Business by Financial Institutions (hereinafter referred to as "the Act").
- (2) In this Cabinet Order, the term "bank" means a bank as prescribed in Article 2, paragraph (1) of the Banking Act (Act No. 59 of 1981).
- (3) In this Cabinet Order, the term "long-term credit bank" means a long-term credit bank under Article 2 of the Long-Term Credit Bank Act (Act No. 187 of 1952).

(Scope of Financial Institutions Engaging in Trust Business)

Article 2 The financial institutions specified by Cabinet Order that are provided for in Article 1, paragraph (1) of the Act are the following financial institutions:

- (i) banks;
- (ii) long-term credit banks;
- (ii)-2 The Shoko Chukin Bank, Ltd.;
- (iii) shinkin banks;
- (iv) labor banks;
- (v) credit cooperatives;
- (vi) The Norinchukin Bank;
- (vii) agricultural cooperatives that also engage in business prescribed in Article 10, paragraph (1), items (ii) and (iii) of the Agricultural Cooperatives Act (Act No. 132 of 1947);
- (viii) fisheries cooperatives that also engage in business prescribed in Article 11, paragraph (1), items (iii) and (iv) of the Fisheries Cooperatives Act (Act No. 242 of 1948);
- (ix) marine products processing cooperatives that also engage in business

- prescribed in Article 93, paragraph (1), items (i) and (ii) of the Fisheries Cooperatives Act;
- (x) federations of shinkin banks;
 - (xi) The Rokinren Bank;
 - (xii) federations of cooperatives that engage in business prescribed in Article 9-9, paragraph (1), item (i) of the Small and Medium-Sized Enterprise Cooperatives Act (Act No. 181 of 1949);
 - (xiii) federations of agricultural cooperatives that also engage in business prescribed in Article 10, paragraph (1), items (ii) and (iii) of the Agricultural Cooperatives Act;
 - (xiv) federations of fisheries cooperatives that also engage in business prescribed in Article 87, paragraph (1), items (iii) and (iv) of the Fisheries Cooperatives Act; and
 - (xv) federations of marine product processing cooperatives that also engage in business prescribed in Article 97, paragraph (1), items (i) and (ii) of the Fisheries Cooperatives Act.

(Business in Which a Financial Institution May Not Engage)

Article 3 The business specified by Cabinet Order that is provided for in Article 1, paragraph (1) of the Act is as follows:

- (i) business involving trusts of property that includes land or land fixtures, superficies rights, or the right to lease land (hereinafter referred to as "land, fixtures, or rights" in this item), the whole or part of whose purpose is the disposition of the land, fixtures, or rights (excluding the following trusts):
 - (a) a specific purpose trust as prescribed in Article 2, paragraph (13) of the Act on Securitization of Assets (Act No. 105 of 1998); and
 - (b) a trust under which the transferee of the beneficial interest is limited to a specific purpose company (meaning a specific purpose company as prescribed in Article 2, paragraph (3) of the Act on Securitization of Assets) or a registered investment corporation (meaning a registered investment corporation as prescribed in Article 2, paragraph (13) of the Act on Investment Trusts and Investment Corporations (Act No. 198 of 1951)).
- (ii) among agency services for trust contracts under Article 1, paragraph (1), item (i) of the Act, those that involve a trust as prescribed in the preceding item;
- (iii) among business set forth in Article 1, paragraph (1), item (vi) of the Act, that which involves agency or intermediation for the sale and purchase or lease and rental of real property; and
- (iv) other business specified by Cabinet Office Order.

(Amount of the Business Deposit of a Financial Institution Engaged in Trust

Business)

Article 4 The amount specified by Cabinet Order that is provided for in Article 11, paragraph (2) of the Trust Business Act (Act No. 154 of 2004) as applied mutatis mutandis pursuant to Article 2, paragraph (1) of the Act is 25 million yen.

(Terms and Conditions of a Contract That Replaces a Business Security Deposit)

Article 5 If a financial institution engaged in trust business seeks to conclude a contract prescribed in Article 11, paragraph (3) of the Trust Business Act as applied mutatis mutandis pursuant to Article 2, paragraph (1) of the Act, the other party to the contract must be a bank, shinkin bank, insurance company (meaning an insurance company as prescribed in Article 2, paragraph (2) of the Insurance Business Act (Act No. 105 of 1995), including foreign insurance companies, etc. prescribed in paragraph (7) of that Article) or other financial institution specified by Cabinet Office Order, and the terms of the contract must conform to the following requirements:

- (i) that, if an order is issued by the Commissioner of the Financial Services Agency pursuant to the provisions of Article 11, paragraph (4) of the Trust Business Act as applied mutatis mutandis pursuant to Article 2, paragraph (1) of the Act, a business deposit in the amount specified by the Order will be deposited with an official depository without delay on behalf of the financial institution engaged in trust business;
- (ii) that the contract is effective for one year or more; and
- (iii) that, unless the approval of the Commissioner of the Financial Services Agency is obtained, the contract cannot be cancelled and the terms of the contract cannot be changed.

(Procedures for Enforcing Rights in Connection with Business Security Deposits)

Article 6 (1) A person that holds rights as referred to Article 11, paragraph (6) of the Trust Business Act as applied mutatis mutandis pursuant to Article 2, paragraph (1) of the Act (hereinafter referred to as "rights" in this Article) may file a petition to enforce those rights with the Commissioner of the Financial Services Agency.

(2) Upon receiving a petition under the preceding paragraph and finding there to be grounds therefor, the Commissioner of the Financial Services Agency must issue a public notice to notify persons that have a right to the relevant business deposit that they must report their rights within a specific period of time of no fewer than 60 days and that they will be excluded from the distribution process if they fail to report their rights within that period, and

must also notify the person filing the petition referred to in that paragraph (hereinafter referred to as the "petitioner" in this Article) and the depositor (including a financial institution engaged in trust business, if the depositor has deposited the entirety of the business deposit under Article 11, paragraph (1) of the Trust Business Act as applied mutatis mutandis pursuant to Article 2, paragraph (1) of the Act on behalf of the financial institution engaged in trust business based on a contract under paragraph (3) of that Article in accordance with the order under paragraph (4) of that Article; hereinafter the same applies in paragraphs (4) and (5)) to that effect.

- (3) Once a public notice under the preceding paragraph has been issued, even if the petitioner withdraws the petition, it does not prevent the procedures from progressing.
- (4) After the period prescribed in paragraph (2) has elapsed, the Commissioner of the Financial Services Agency must undertake an investigation of rights without delay. In such a case, the Commissioner of the Financial Services Agency must, in advance, issue a public notice and notify the depositor of the date and place and give the petitioner, any person that has reported their rights within the designated period, and the depositor an opportunity to present evidence or state their opinions as to the existence of the rights and the amount of the claim secured by those rights.
- (5) Based on the results of an investigation under the preceding paragraph, the Commissioner of the Financial Services Agency must prepare a distribution list, issue a public notice thereof, and notify the depositor thereof without delay.
- (6) Once 110 days have elapsed since the date of a public notice under the preceding paragraph, the distribution is to be implemented in accordance with the distribution list prescribed in that paragraph.
- (7) If any securities (including book-entry transfer bonds as prescribed in Article 278, paragraph (1) of Act on Book-Entry Transfer of Company Bonds and Share (Act No. 75 of 2001)) have been deposited, and if it is necessary to do so in order to enforce a person's rights, the Commissioner of the Financial Services Agency may liquidate the securities. In such a case, the expenses required for the liquidation are deducted from the proceeds of the liquidation.

(Recovery of Business Security Deposits)

Article 7 (1) If a financial institution engaged in trust business falls under any of the following categories, the financial institution engaged in trust business, its successor, or the person that has deposited the business deposit on behalf of the financial institution engaged in trust business may recover the entirety of the business deposit that was deposited with the approval of the Commissioner of the Financial Services Agency.

- (i) if a financial institution engaged in trust business changes official

- depositories as prescribed in Article 11, paragraph (1) of the Trust Business Act as applied mutatis mutandis pursuant to Article 2, paragraph (1) of the Act due to a change in location of its main office (meaning the head office or principal office of the financial institution engaged in trust business; hereinafter the same applies in Article 18, paragraph (1), paragraph (2) and paragraph (4) and Article 19, paragraph (2)) and it deposits the entirety of the business security deposit with the official depository for after this change.
- (ii) if any of the following apply and the trust property has finished being assigned to a new trustee or transferred to the holder of a vested right:
 - (a) if authorization under Article 1, paragraph (1) of the Act has been rescinded pursuant to the provisions of Article 10 of the Act; or
 - (b) if authorization under Article 1, paragraph (1) of the Act has lost effect pursuant to the provisions of Article 11 of the Act.
 - (2) If a financial institution engaged in trust business or a person that has deposited a business security deposit on behalf of the financial institution engaged in trust business concludes a contract prescribed under Article 11, paragraph (3) of the Trust Business Act as applied mutatis mutandis pursuant to Article 2, paragraph (1) of the Act, or changes the terms of that contract, and notifies the Commissioner of the Financial Services Agency to that effect, and the amount of the business security deposit (including the contract amount (meaning the contract amount as prescribed in Article 11, paragraph (3) of the Trust Business Act; hereinafter the same applies in this paragraph)) for the financial institution engaged in trust business exceeds the amount to be deposited pursuant to the provisions of paragraphs (1) and (2) of Article 11 of the Trust Business Act, the financial institution engaged in trust business or the person that has deposited the business security deposit on behalf thereof may recover all or part of the amount in excess thereof, but only to the extent of the amount of the business security deposit less the contract amount, with the approval of the Commissioner of the Financial Services Agency.

(Persons That Are Closely Related to the Settlor and the Trustee)

- Article 8 (1) The persons specified by Cabinet Order as closely related to the settlor under Article 23, paragraph (2) of the Trust Business Act as applied mutatis mutandis pursuant to Article 2, paragraph (1) of the Act are as follows:
- (i) an officer (meaning the director, executive officer, accounting advisor (includes the member responsible for performing the duties thereof, if the accounting advisor is a corporation), company auditor, or any person holding a position similar to any of these; hereinafter the same applies in this Article and Article 10) or employee of the settlor;
 - (ii) a subsidiary corporation, etc. of the settlor;
 - (iii) the parent corporation, etc. that has the settlor as its subsidiary

- corporation, etc.;
- (iv) a subsidiary corporation, etc. of the parent corporation, etc. that has the settlor as its subsidiary corporation, etc. (excluding the settlor itself and persons as set forth in the preceding two items);
- (v) an affiliated corporation, etc. of the settlor;
- (vi) an affiliated corporation, etc. of the parent corporation, etc. that has the settlor as its subsidiary corporation, etc. (excluding a person as set forth in the preceding item);
- (vii) a specified individual shareholder of the settlor; or
- (viii) the following company, partnership, or other business entity equivalent thereto (including one that is equivalent thereto in a foreign state, but excluding the settlor itself; hereinafter referred to as a "corporation, etc." in this item) that is associated with the person set forth in the preceding item:
 - (a) a corporation, etc. (inclusive of its subsidiary corporation, etc. and affiliated corporations, etc.) in which the person referred to in the preceding item holds voting rights that exceed fifty percent of the voting rights of all of the shareholders or equity investors (for a stock company, this excludes voting rights in respect of shares that do not allow voting rights to be exercised for all matters that are subject to resolution at a general meeting of shareholders, but includes voting rights in respect of shares in connection with which the shareholder is deemed to have voting rights pursuant to the provisions of Article 879, paragraph (3) of the Companies Act (Act No. 86 of 2005); hereinafter the same applies hereinafter); or
 - (b) a corporation, etc. in which the person referred to in the preceding item holds voting rights that amount to at least twenty percent and up to fifty percent of the voting rights of all of the shareholders or equity investors.
- (2) The persons specified by Cabinet Order as closely related to the trustee under Article 23, paragraph (2) of the Trust Business Act as applied mutatis mutandis pursuant to Article 2, paragraph (1) of the Act are as follows:
 - (i) an officer or employee of the trustee;
 - (ii) a subsidiary corporation, etc. of the trustee;
 - (iii) the parent corporation, etc. that has the trustee as its subsidiary corporation, etc.;
 - (iv) a subsidiary corporation, etc. of the parent corporation, etc., that has the trustee as its subsidiary corporation, etc. (excluding the trustee itself and persons set forth in the preceding two items);
 - (v) an affiliated corporation, etc. of the trustee;
 - (vi) an affiliated corporation, etc. of the parent corporation, etc. that has the trustee as its subsidiary corporation, etc. (excluding persons set forth in the preceding item);

- (vii) a specified individual shareholder of the trustee; or
 - (viii) the following company, partnership, or any other business entity equivalent thereto (including those equivalent thereto in a foreign state, but excluding the trustee; hereinafter referred to as "corporation, etc." in this item) that is associated with the person set forth in the preceding item:
 - (a) a corporation, etc. (including a subsidiary corporation etc. and an affiliated corporation, etc. of such corporation, etc.) in which the person referred to in the preceding item holds voting rights that exceed fifty percent of the voting rights of all of the shareholders or equity investors; or
 - (b) a corporation, etc. in which the person referred to in the preceding item holds voting rights that amount to at least twenty percent and up to fifty percent of the voting rights of all of the shareholders or equity investors.
- (3) The term "parent corporation, etc." prescribed in the preceding two paragraphs means a person specified by Cabinet Office Order as the corporation, etc. (meaning a company, partnership, or other business entity equivalent thereto (including those equivalent thereto in a foreign state); hereinafter the same applies in this paragraph and the following paragraph) that controls the body that decides the financial and operational or business policies of a second corporation, etc. (meaning the shareholders' meeting or other body equivalent thereto; referred to as "decision-making body" in this paragraph), and the term "subsidiary juridical person, etc." prescribed in the preceding two paragraphs and the following paragraph means a second corporation, etc. whose decision-making body is controlled by a parent corporation, etc. In such a case, if a parent corporation, etc. and its subsidiary corporations, etc. or its subsidiary corporations, etc. alone control the decision-making body of another corporation, etc., the other corporation, etc. is deemed to be a subsidiary corporation, etc. of the parent corporation, etc.
- (4) The term "affiliated corporation, etc." prescribed in paragraphs (1) and (2) means a person specified by Cabinet Office Order as a second corporation, etc. (exclusive of its subsidiary corporations, etc.) whose financial and operational or business policy decisions a first corporation, etc. (inclusive of its subsidiary corporations, etc.) is able to materially influence, through the making of contributions, the assumption of office as director or other equivalent role by a person that is or was an officer or employee of the first corporation, etc., through the guaranteeing of obligations or provision of collateral, through the provision of technology, or through an operational or business transaction, etc.
- (5) The term "specified individual shareholder" prescribed in paragraphs (1) and (2) means an individual who holds subject voting rights (meaning subject voting rights as prescribed in Article 5, paragraph (5) of the Trust Business Act) exceeding fifty percent of the voting rights of all of the shareholders or equity investors.

(6) In a case as referred to in paragraph (1), item (viii) or paragraph (2), item (viii), the voting rights held by the person prescribed in paragraph (1), item (vii) or the person prescribed in paragraph (2), item (vii) are to include voting rights in respect of shares or contributions that cannot be asserted against the issuer pursuant to the provisions of Article 147, paragraph (1) or Article 148, paragraph (1) of the Act on Book-Entry Transfer of Company Bonds and Share (including as applied mutatis mutandis pursuant to Article 228, paragraph (1), Article 235, paragraph (1), Article 239, paragraph (1) and Article 276 (limited to the portion pertaining to item (ii)) of that Act).

(Means of Using Information and Communications Technology)

Article 9 (1) Before seeking to provide a person with the particulars prescribed in Article 26, paragraph (2) of the Trust Business Act as applied mutatis mutandis pursuant to Article 2, paragraph (1) of the Act pursuant to that paragraph, a financial institution engaged in trust business, in advance and pursuant to Cabinet Office Order, must indicate to the settlor the type and substance of the electronic or magnetic means prescribed in Article 26, paragraph (2) of the Trust Business Act (hereinafter referred to as "electronic or magnetic means" in this Article) that it will use and obtain consent for this in writing or by electronic or magnetic means.

(2) If a financial institution engaged in trust business that has obtained the consent under the provisions of the preceding paragraph receives a notice from the settlor, either in writing or by electronic or magnetic means, indicating that the settlor is not willing to be provided with information by electronic or magnetic means, it must not provide the particulars prescribed in Article 26, paragraph (2) of the Trust Business Act as applied mutatis mutandis pursuant to Article 2, paragraph (1) of the Act to the settlor by electronic or magnetic means; provided, however, that this does not apply if the settlor has once again given the consent under the provisions of the preceding paragraph.

(3) The provisions of the preceding two paragraphs apply mutatis mutandis when Article 26, paragraph (2) of the Trust Business Act is applied mutatis mutandis pursuant to Article 27, paragraph (2) and Article 29, paragraph (4) of the Trust Business Act, as applied mutatis mutandis pursuant to Article 2, paragraph (1) of the Act. In such a case, the term "settlor" in these provisions is deemed to be replaced with "beneficiary of the trust property".

(Scope of Persons Closely Related to a Financial Institution Engaged in Trust Business)

Article 10 (1) The persons specified by Cabinet Order that are provided for in Article 29, paragraph (2), item (i) of the Trust Business Act as applied mutatis mutandis pursuant to Article 2, paragraph (1) of the Act are as follows:

- (i) an officer or employee of the financial institution engaged in trust business;
 - (ii) a subsidiary corporation, etc. (meaning a subsidiary corporation, etc. as prescribed in Article 8, paragraph (3); hereinafter the same applies in this paragraph) of the financial institution engaged in trust business;
 - (iii) the parent corporation, etc. (meaning a parent corporation, etc. as prescribed in Article 8, paragraph (3); hereinafter the same applies in this paragraph) that has the financial institution engaged in trust business as its subsidiary corporation, etc.;
 - (iv) a subsidiary corporation, etc. of the parent corporation, etc. that has the financial institution engaged in trust business as its subsidiary corporation, etc. (excluding the financial institution engaged in trust business itself and persons set forth in the preceding two items);
 - (v) an affiliated corporation, etc. (meaning an affiliated corporation, etc. as prescribed in Article 8, paragraph (4); hereinafter the same applies in this paragraph) of the financial institution engaged in trust business;
 - (vi) an affiliated corporation, etc. of the parent corporation, etc. that has the financial institution engaged in trust business as its subsidiary corporation, etc. (excluding the person set forth in the preceding item);
 - (vii) a specified individual shareholder (meaning a specified individual shareholder as prescribed in Article 8, paragraph (5)) of the financial institution engaged in trust business; or
 - (viii) a company, partnership, or any other business entity equivalent thereto (including one that is equivalent thereto in a foreign state, but excluding the financial institution engaged in trust business; referred to as the "corporation, etc." in this item) as follows that is associated with the person set forth in the preceding item:
 - (a) a corporation, etc. (inclusive of its subsidiary corporations, etc. and affiliated corporations, etc.) in which the person referred to in the preceding item holds voting rights that exceed fifty percent of the voting rights of all of the shareholders or equity investors; or
 - (b) a corporation, etc. in which a person as referred to in the preceding item holds voting rights that amount to at least twenty percent and up to fifty percent of the voting rights held by all of the shareholders or equity investors.
- (2) To apply the provisions of the preceding paragraph to a person that is entrusted with trust business by a financial institution engaged in trust business under the provisions of Article 22, paragraph (1) of the Trust Business Act as applied mutatis mutandis pursuant to Article 2, paragraph (1) of the Act, the term "financial institution engaged in trust business" in Article 22, paragraph (1) of the Trust Business Act is deemed to be replaced with "person that has been entrusted with trust business by the financial institution

engaged in trust business ".

- (3) The provisions of Article 8, paragraph (6) apply mutatis mutandis to the voting rights held by a person as prescribed in paragraph (1), item (vii) in the case of paragraph (1), item (viii).

(Provisions on Explanatory Documents)

Article 11 The provisions specified by Cabinet Order that are provided for in Article 78, paragraph (1) of the Trust Business Act as applied following a deemed replacement of terms pursuant to the provisions of Article 2, paragraph (2) of the Act are as follows:

- (i) Article 21, paragraphs (1) and (2) of the Banking Act (including as applied mutatis mutandis pursuant to Article 17 of the Long-Term Credit Bank Act, Article 89, paragraph (1) of the Shinkin Bank Act (Act No. 238 of 1951), Article 6, paragraph (1) of the Act on Financial Business Conducted by Cooperative Associations (Act No. 183 of 1949) and Article 94, paragraph (1) of the Labor Bank Act (Act No. 227 of 1953));
- (ii) Article 53, paragraphs (1) and (2) of the Shoko Chukin Bank Limited Act (Act No. 74 of 2007);
- (iii) Article 81, paragraphs (1) and (2) of the Norinchukin Bank Act (Act No. 93 of 2001);
- (iv) Article 54-3, paragraphs (1) and (2) of the Agricultural Cooperatives Act; and
- (v) Article 58-3, paragraphs (1) and (2) of the Fisheries Cooperatives Act (including as applied mutatis mutandis in Article 92, paragraph (3), Article 96, paragraph (3) and Article 100, paragraph (3) of that Act).

(Providing Information Using Information and Communications Technology)

Article 11-2 (1) Before seeking to provide a person with the information prescribed in Article 34-2, paragraph (4) of the Financial Instruments and Exchange Act (Act No. 25 of 1948) as applied mutatis mutandis pursuant to Article 2-2 of the Act (including as applied mutatis mutandis pursuant to Article 34-3, paragraph (12) (including as applied mutatis mutandis in Article 34-4, paragraph (6) of the Financial Instruments and Exchange Act as applied mutatis mutandis pursuant to Article 2-2 of the Act), Article 34-4, paragraph (3) and Article 37-3, paragraph (2) of the Financial Instruments and Exchange Act as applied mutatis mutandis pursuant to Article 2-2 of the Act; hereinafter the same applies in this Article), pursuant to Article 34-2, paragraph (4) of the Financial Instruments and Exchange Act as applied mutatis mutandis pursuant to Article 2-2 of the Act, a financial institution engaged in trust business, in advance and pursuant to Cabinet Office Order, must indicate to the other party the type and substance of the electronic or magnetic means

prescribed in Article 34-2, paragraph (4) of the Financial Instruments and Exchange Act (hereinafter referred to as "electronic or magnetic means" in this Article) that it will use and obtain consent for this in writing or by electronic or magnetic means.

- (2) If a financial institution engaged in trust business that has obtained the consent under the provisions of the preceding paragraph receives a notice from the relevant person, either in writing or by electronic or magnetic means, indicating that the person is not willing to be provided with information by electronic or magnetic means, it must not provide the information prescribed in Article 34-2, paragraph (4) of the Financial Instruments and Exchange Act as applied mutatis mutandis pursuant to Article 2-2 of the Act to the other party by electronic or magnetic means; provided, however, that this does not apply if that person has given once again given the consent under the provisions of the preceding paragraph.

(Gaining a Person's Agreement Using Information and Communications Technology)

Article 11-3 (1) Before seeking to gain a person's agreement by the means specified by Cabinet Office Order that is provided for in Article 34-2, paragraph (12) of the Financial Instruments and Exchange Act (referred to as "electronic or magnetic means" in this Article), in lieu of a written agreement prescribed in Article 34-2, paragraph (11) of the Financial Instruments and Exchange Act as applied mutatis mutandis pursuant to Article 2-2 of the Act, pursuant to Article 34-2, paragraph (12) of the Financial Instruments and Exchange Act as applied mutatis mutandis pursuant to Article 2-2 of the Act (including as applied mutatis mutandis pursuant to Article 34-3, paragraph (3) of the Financial Instruments and Exchange Act as applied mutatis mutandis pursuant to Article 2-2 of the Act (including as applied mutatis mutandis in Article 34-4, paragraph (6) of the Financial Instruments and Exchange Act as applied mutatis mutandis pursuant to Article 2-2 of the Act); hereinafter the same applies in this Article), a financial institution engaged in trust business, in advance and pursuant to Cabinet Office Order, must indicate to the person whose agreement it is seeking the type and substance of the electronic or magnetic means that it will use and obtain consent for this in writing or by electronic or magnetic means.

- (2) If a financial institution engaged in trust business that has obtained the consent under the provisions of the preceding paragraph receives a notice from the relevant person, either in writing or by electronic or magnetic means, indicating that the person is not willing to agree to the matter in question by electronic or magnetic means, it must not use electronic means to gain the person's agreement as prescribed in Article 34-2, paragraph (12) of the

Financial Instruments and Exchange Act as applied mutatis mutandis pursuant to Article 2-2 of the Act of the other party by electronic or magnetic means; provided, however, that this does not apply if the person has once again given the consent under the provisions of the preceding paragraph.

(Material Particulars That Impact Customers' Judgment)

Article 11-4 (1) The particulars specified by Cabinet Order that are provided for in Article 37, paragraph (1), item (iii) of the Financial Instruments and Exchange Act as applied mutatis mutandis pursuant to Article 2-2 of the Act are as follows:

(i) the particulars specified by Cabinet Office Order concerning any fee, reward, or other compensation that a customer is to pay in connection with a specified trust contract (meaning a specified trust contract as prescribed in Article 24-2 of the Trust Business Act; hereinafter the same applies);

(ii) the following particulars, if there is a risk for a loss to arise that has as its direct cause fluctuations in the money rate, the value of currencies, quotations on a financial instruments market as prescribed in Article 2, paragraph (14) of the Financial Instruments and Exchange Act, or any other indicator, as regards the specified trust contract into which the customer will enter:

(a) the indicator in question;

(b) an indication of the risk that fluctuations in that indicator could give rise to a loss and the reasons for this;

(iii) the particulars specified by Cabinet Office Order as being equivalent to what is set forth in the preceding two items.

(2) Notwithstanding the provisions of the preceding paragraph, if a person undertakes an act as prescribed in Article 37, paragraph (1) of the Financial Instruments and Exchange Act as applied mutatis mutandis pursuant to Article 2-2 of the Act by causing something to be broadcast using the broadcasting equipment of a basic broadcaster (meaning a basic broadcaster as prescribed in Article 2, item (xxiii) of the Broadcast Act (Act No. 132 of 1950)) and excluding Japan Broadcasting Corporation and Open University of Japan as prescribed in Article 3 of the Act on the Open University of Japan (Act No. 156 of 2002)) or by any other means specified by Cabinet Office Order as equivalent thereto, the particulars specified by Cabinet Order that are provided for in Article 37, paragraph (1), item (iii) of the Financial Instruments and Exchange Act are as follows:

(i) an indication that there is a risk for a loss to arise that has as its direct cause fluctuations in the money rate, the value of currencies, quotations on a financial instruments market, or any other indicator, as regards the specified trust contract into which the customer will enter, if such a risk is present;

and

- (ii) the particulars specified by Cabinet Office Order as being equivalent to what is set forth in the preceding item.

(Technical Replacement of Terms in the Mutatis Mutandis Application of the Financial Instruments and Exchange Act)

Article 11-5 The technical replacement of terms pursuant to Article 2-2 of the Act is as follows:

Provisions of the Financial Instruments and Exchange Act subject to deemed replacement	Original phrasing	Phrasing deemed to replace original phrasing
Article 34	Article 2, paragraph (31), item (iv)	Article 2, paragraph (31), item (iv)
Article 37, paragraph (1), item (i)	the trade name or name	the trade name or name
Article 40, item (ii)	what is set forth in the preceding item	a situation in which the provisions of Article 24, paragraph (2) of the Trust Business Act as applied mutatis mutandis pursuant to Article 2, paragraph (1) of the Act on Engagement in Trust Business by Financial Institutions are found to have been violated

(Extension of Credit to a Single Person)

Article 12 If a financial institution engaged in trust business has concluded a trust agreement for a cash trust with a contractual clause for the compensation of losses in principal (meaning a cash trust (including a loan trust) in which compensation of losses in principal is promised under the terms of the contract pursuant to Article 6 of the Act; hereinafter the same applies), the loan monies prescribed in the following items in connection with the financial institutions set forth in each of those items include loan monies (meaning loan monies specified by Cabinet Office Order) related to investment of the trust property in a cash trust with a contractual clause for compensation of losses in principal:

- (i) a financial institution as set forth in Article 2, item (i): loan monies prescribed in Article 4, paragraph (6), item (i) of the Order for Enforcement of the Banking Act (Cabinet Order No. 40 of 1982);

- (ii) a financial institution as set forth in Article 2, item (ii): loan monies prescribed in Article 4, paragraph (6), item (i) of the Order for Enforcement of the Banking Act as applied mutatis mutandis pursuant to Article 6, paragraph (1) of the Order for Enforcement of the Long-Term Credit Bank Act (Cabinet Order No. 42 of 1982);
- (ii)-2 a financial institution as set forth in Article 2, item (ii)-2: loan monies prescribed in Article 6, paragraph (5), item (i) of the Order for Enforcement of the Shoko Chukin Bank Act (Cabinet Order No. 367 of 2007);
- (iii) a financial institution as set forth in Article 2, item (iii) or item (x): loan monies prescribed in Article 11, paragraph (7), item (i) of the Order for Enforcement of the Shinkin Bank Act (Cabinet Order No. 142 of 1968);
- (iv) a financial institution as set forth in Article 2, item (iv) or item (xi): loan monies prescribed in Article 5, paragraph (7), item (i) of the Order for Enforcement of the Labor Bank Act (Cabinet Order No. 46 of 1982);
- (v) a financial institution as set forth in Article 2, item (v) or item (xii): loan monies prescribed in Article 3, paragraph (7), item (i) of the Order for Enforcement of the Act on Financial Businesses by Cooperatives (Cabinet Order No. 44 of 1982);
- (vi) a financial institution as set forth in Article 2, item (vi): loan monies prescribed in Article 7, paragraph (7), item (i) of the Order for Enforcement of the Norinchukin Bank Act (Cabinet Order No. 285 of 2001);
- (vii) a financial institution as set forth in Article 2, item (vii) or item (xiii): loan monies prescribed in Article 10, paragraph (7), item (i) of the Order for Enforcement of the Agricultural Cooperatives Act (Cabinet Order No. 271 of 1962); and
- (viii) a financial institution as set forth in Article 2, item (viii), (ix), (xiv) or (xv): loan monies prescribed in Article 10, paragraph (7), item (i) of the Order for Enforcement of the Fisheries Cooperatives Act (Cabinet Order No. 328 of 1993) (including as applied mutatis mutandis pursuant to paragraphs (12) and (15) of that Article).

(Designation under the Provisions of Other Acts as Concerning Business Equivalent to Dispute Resolution Services)

Article 13 The designation specified by Cabinet Order that is provided for in Article 85-6 and Article 85-23, paragraph (3) of the Trust Business Act as applied mutatis mutandis pursuant to Article 12-2, paragraph (1), item (ii) and item (iv), sub-item (d) and Article 12-4 of the Act is as follows:

- (i) a designation under Article 156-39, paragraph (1) of the Financial Instruments and Exchange Act; and
- (ii) a designation under the items of Article 15.

(Proportion of the Total Number of Financial Institutions Engaged in Trust Business That the Number of Financial Institutions Engaged in Trust Business Stating Objections Accounts For)

Article 14 The proportion specified by Cabinet Order that is provided for in Article 12-2, paragraph (1), item (viii) of the Act is one-third.

(Exemption from Restrictions on Name Use)

Article 15 The person specified by Cabinet Order that is provided for in Article 85-17 of the Trust Business Act as applied mutatis mutandis pursuant to Article 12-4 of the Act is a person subject to any of the following designations:

- (i) a designation under Article 35-2, paragraph (1) of the Mutual Loan Business Act (Act No. 42 of 1931);
 - (ii) a designation under Article 92-6, paragraph (1) of the Agricultural Cooperatives Act;
 - (iii) a designation under Article 121-6, paragraph (1) of the Fisheries Cooperatives Act;
 - (iv) a designation under Article 69-2, paragraph (1) of the Small and Medium-Sized Enterprise Cooperatives Act;
 - (v) a designation under Article 85-12, paragraph (1) of the Shinkin Bank Act;
 - (vi) a designation under Article 16-8, paragraph (1) of the Long-Term Credit Bank Act;
 - (vii) a designation under Article 89-13, paragraph (1) of the Labor Bank Act;
 - (viii) a designation under Article 52-62, paragraph (1) of the Banking Act;
 - (ix) a designation under Article 41-39, paragraph (1) of the Money Lending Business Act (Act No. 32 of 1983);
 - (x) a designation under Article 308-2, paragraph (1) of the Insurance Business Act;
 - (xi) a designation under Article 95-6, paragraph (1) of the Norinchukin Bank Act;
 - (xii) a designation under Article 85-2, paragraph (1) of the Trust Business Act;
- and
- (xiii) a designation under Article 99, paragraph (1) of the Act on Financial Settlements (Act No. 59 of 2009);

(Technical Replacement of Terms for the Mutatis Mutandis Application of the Trust Business Act)

Article 16 The technical replacement of terms pursuant to Article 12-4 of the Act is as follows:

Provisions of the Trust Business Act subject to deemed replacement	Original phrasing	Phrasing deemed to replace original phrasing
Article 85-3, paragraph (1), item (ii)	dispute resolution services	dispute resolution services (meaning dispute resolution services as prescribed in Article 12-2, paragraph (1) of the Act on Engagement in Trust Business by Financial Institutions; hereafter the same applies)
Article 85-4, paragraph (1)	designated dispute resolution organization	designated dispute resolution organization (meaning a designated dispute resolution organization as prescribed in Article 12-2, paragraph (1), item (viii) of the Act on Engagement in Trust Business by Financial Institutions; hereafter the same applies)
Article 85-5, paragraph (2)	member trust company, etc. (meaning the trust company, etc. with whom a basic contract for implementation of dispute resolution procedures has been concluded)	member financial institution (meaning a financial institution engaged in trust business with whom a basic contract for the implementation of dispute resolution procedures (meaning a basic contract for the implementation of dispute resolution procedures prescribed in Article 12-2, paragraph (1), item (viii) of the Act on Engagement in Trust Business by Financial Institutions; hereafter the same applies) has been concluded)
Article 85-6	complaint processing procedures	complaint processing procedures (meaning complaint processing procedures as prescribed in Article 12-2, paragraph (1) of the Act on Engagement in Trust Business by Financial Institutions; hereafter the same applies)
	dispute resolution procedures	dispute resolution procedures (meaning dispute resolution procedures as prescribed in that paragraph; hereafter the same applies)

Article 85-7, paragraph (2), item (i)	complaints related to trust business subject to dispute resolution procedure	complaints related to specific concurrent business (meaning complaints related to specific concurrent business as prescribed in Article 12-2, paragraph (4) of the Act on Engagement in Trust Business by Financial Institutions; hereafter the same applies)
Article 85-7, paragraph (2), item (iv)	complaints related to trust business subject to dispute resolution procedure	complaints related to specific concurrent business (meaning complaints related to specific concurrent business as prescribed in Article 12-2, paragraph (4) of the Act on Engagement in Trust Business by Financial Institutions; hereafter the same applies)
Article 85-7, paragraph (3)	trust company, etc.	financial institution engaged in trust business
Article 85-13, paragraph (3), item (ii)	trust business subject to dispute resolution procedure	specific concurrent business as prescribed in Article 12-2, paragraph (4) of the Act on Engagement in Trust Business by Financial Institutions
Article 85-19, item (i)	trust company, etc.	financial institution engaged in trust business

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

Article 17 The particulars specified by Cabinet Order that are provided for in Article 14, paragraph (1) of the Act are as follows:

- (i) authorization under Article 1, paragraph (1) of the Act; and
- (ii) rescission of authorizations under Article 1, paragraph (1) of the Act pursuant to Article 10 of the Act.

(Delegation of Authority Over Financial Institutions Engaged in Trust Business to the Heads of Local Finance Bureaus)

Article 18 (1) The authority delegated to the Commissioner of the Financial Services Agency pursuant to Article 14, paragraph (1) of the Act and the authority of the Commissioner of the Financial Services Agency under this Cabinet Order (hereinafter referred to as the "Commissioner's authority") that is set forth in any of the following items (excluding authority over a financial institution engaged in trust business that is designated by the Commissioner of the Financial Services Agency) is delegated to the Director-General of the Local Finance Bureau (including the Director General of the Fukuoka Local Finance Branch Bureau; hereinafter the same applies) that has jurisdiction over the area in which the main office of the financial institution engaged in

trust business is located; provided that this does not preclude the Commissioner of the Financial Services Agency from being the one to exercise the authority set forth in items (iv) and (vi):

- (i) authorization under Article 3 and Article 5, paragraph (1) of the Act;
 - (ii) the acceptance of notifications under Article 11, paragraphs (3), (5) and (8) of the Trust Business Act as applied mutatis mutandis pursuant to Article 2, paragraph (1) of the Act and Article 8, paragraphs (1), (2) and (4) of the Act;
 - (iii) an order under Article 11, paragraph (4) of the Trust Business Act as applied mutatis mutandis pursuant to Article 2, paragraph (1) of the Act;
 - (iv) an order to report or submit materials and the questioning and on-site inspections under Article 42, paragraph (1) of the Trust Business Act as applied mutatis mutandis pursuant to Article 2, paragraph (1) of the Act;
 - (v) the acceptance of business reports prescribed in Article 7 of the Act;
 - (vi) an order prescribed in Article 9 of the Act (excluding orders to suspend the whole or part of trust business);
 - (vii) the approval prescribed in Article 5, item (iii) and Article 7, paragraphs (1) and (2); and
 - (viii) the acceptance of petitions, public notices, notices, investigations, granting of opportunities to state opinions, preparation of distribution lists, and liquidation prescribed in Article 6.
- (2) In addition the Director-General of the Local Finance Bureau referred to in the preceding paragraph, the Director-General of the Local Finance Bureau that has jurisdiction over the locality of the branch office, other business office, or office other than the main office of a financial institution engaged in trust business; a person that maintains business transactions with the financial institution engaged in trust business; or a holding company as prescribed in Article 5, paragraph (2), item (ix) of the Trust Business Act that has the financial institution engaged in trust business as its subsidiary company (meaning a subsidiary company as prescribed in Article 5, paragraph (6) of the Trust Business Act) (hereinafter referred to as "branch office, etc."), (or, if a person that maintains business transactions with the financial institution engaged in trust business is an individual, the domicile or residence of such individual) may also exercise the authority prescribed in item (iv) of the preceding paragraph (excluding authority over financial institutions engaged in trust business that is designated by the Commissioner of the Financial Services Agency).
- (3) The authority prescribed in paragraph (1), item (iv) over the branch office, etc. of a financial institution engaging in trust business that is designated by the Commissioner of the Financial Services Agency, as prescribed in the paragraph (1), is delegated to the Director-General of the Local Finance Bureau that has jurisdiction over the area in which the branch office, etc. is located (or, if the

person that maintains transactions with the financial institution engaged in trust business is an individual, the domicile or residence of that individual); provided that this does not preclude the Commissioner of the Financial Services Agency from being the one to exercise that authority.

- (4) Having ordered a branch office, etc. to report or submit materials, or having undertaken questioning or conducted an on-site inspection pursuant to the provisions of the preceding two paragraphs (hereinafter referred to as an "inspection, etc." in this paragraph) and upon finding it to be necessary to conduct an inspection, etc. at the main office of the relevant financial institution engaged in trust business or at a branch office, etc. other than the one in question, the Director-General of a Local Finance Bureau may conduct an inspection, etc. at the main office or at a branch office, etc. other than the one in question.
- (5) Having made a designation under paragraph (1), the Commissioner of the Financial Services Agency issues a public notice thereof. The same applies if the Commissioner has rescinded this designation.

(Delegation of Authority Over the Major Shareholders of a Financial Institution Engaged in Trust Business to the Director-General of the Local Finance Bureau)

- Article 19 (1) Among the Commissioner's authority, the authority to order a person to report and to submit materials and to conduct questioning and on-site inspections as prescribed in Article 42, paragraph (2) of the Trust Business Act as applied mutatis mutandis pursuant to Article 2, paragraph (1) of the Act is delegated; if this authority is over a resident (meaning a resident as prescribed in Article 6, paragraph (1), item (v) of the Foreign Exchange and Foreign Trade Act (Act No. 228 of 1949); hereinafter the same applies in this paragraph and paragraph (3)), it is delegated to the Director-General of the Local Finance Bureau that has jurisdiction over the locality of the resident's principal business office or office (or, if the resident is an individual, that individual's domicile or residence); and if this authority is over a non-resident (meaning a non-resident as prescribed in Article 6, paragraph (1), item (vi) of the Foreign Exchange and Foreign Trade Act), it is delegated to the Director-General of the Kanto Local Finance Bureau; provided, however, that this does not preclude the Commissioner of the Financial Services Agency from being the one to exercise this authority.
- (2) Beyond the Director-General of the Local Finance Bureau prescribed in the preceding paragraph, the Director-General of the Local Finance Bureau that has jurisdiction over the locality of the main office of the financial institution engaged in trust business may also exercise the authority prescribed in the preceding paragraph.

(3) Beyond the Directors-General of the Local Finance Bureaus prescribed in paragraph (1) and the preceding paragraph, the Director-General of the Local Finance Bureau that has jurisdiction over the locality of the business office or office other than the principal business office or principal office (referred to as a "secondary business office, etc." in this paragraph) of a resident that is a corporation may also exercise the authority prescribed in paragraph (1).