

Act on Special Measures for Facilitating Investment in Agricultural Corporations

(Act No. 52 of May 29, 2002)

(Purpose)

Article 1 The purpose of this Act is to promote the increase in equity capital of agricultural corporations by facilitating their steady growth and development, and thereby contributing to the sustainable development of agriculture, by taking special measures to facilitate investment in agricultural corporations.

(Definitions)

Article 2 (1) The term an "agricultural corporation" as used in this Act means an agricultural producers' cooperative corporation, stock company or membership company (meaning a membership company specified in paragraph (1) of Article 575 of the Companies Act (Act No. 86 of 2005)) that engages in agriculture.

(2) In this Act, "businesses that foster investment in agricultural corporations" means businesses set forth in the following items:

- (i) acquisition and holding of equity capital, shares, share options, or bonds with share options, etc. (meaning those specified by Order of the Ministry of Agriculture, Forestry and Fisheries as bonds with share options and bonds equivalent thereto, the same applies hereinafter) in agricultural corporations;
- (ii) business that provides management or technical guidance to agricultural corporations that hold equity capital, shares, share options, or bonds with share options, etc. pursuant to the provisions of the preceding item.

(Approval of Business Plans)

Article 3 (1) A stock company that intends to operate a business that fosters investment in agricultural corporations (including a person intending to establish a stock company to operate a business that fosters investment in agricultural corporations) may prepare a plan for the business that fosters investment in agricultural corporations (hereinafter referred to as a "business plan"), and submit it to the Minister of Agriculture, Forestry and Fisheries, and obtain approval from the minister who deemed the business plan appropriate.

(2) A business plan must include the following particulars:

- (i) the criteria for selecting agricultural corporations whose equity capital or shares are to be acquired; the criteria for capital equity or share valuation during the acquisition process; the limits for the acquisition of equity capital

- or shares; the holding period for equity capital or shares; and the method to dispose of equity capital or shares;
- (ii) the criteria for selecting agricultural corporations whose share options are to be acquired; the criteria for the details of share options, the limits for acquisition of share options; and the time to exercise share options;
 - (iii) the criteria for the details of share options added to the bonds and the time to exercise share options regarding the criteria for selecting agricultural corporations whose bonds with share options, etc. are to be acquired; the criteria for the limits for the acquisition of bonds with share options, etc. and redemption date of bonds with share options, etc.; and bonds with share options;
 - (iv) fees related to the business set forth in item (ii) of paragraph (2) of the preceding Article.
- (3) When a request for approval referred to in paragraph (1) is filed, the Minister of Agriculture, Forestry and Fisheries is to approve the request if the minister finds that the business plan meets all the criteria set forth in the following items:
- (i) the business that fosters investment in agricultural corporations related to the business plan is effective and appropriate for the increase in equity capital of agricultural corporations;
 - (ii) the business that fosters investment in agricultural corporations related to the business plan contributes to the steady growth and development of agricultural corporations;
 - (iii) the business plan is appropriate to execute the business that fosters investment in agricultural corporations in a smooth and steady way.

(Change of the Business Plans)

- Article 4 (1) A person who has obtained the approval referred to in paragraph (1) of the preceding Article (including a stock company related to the establishment by the person referred to in that paragraph) must obtain the approval from the Minister of Agriculture, Forestry and Fisheries if the person intends to change the business plan pertaining to the approval.
- (2) The provisions of paragraph (3) of the preceding Article apply mutatis mutandis to the approval referred to in the preceding paragraph.

(Collection of Reports)

- Article 5 The Minister of Agriculture, Forestry and Fisheries may request a stock company that has obtained the approval referred to in Article 3, paragraph (1) (including a stock company related to the establishment by a person who has obtained approval referred to in that paragraph; hereinafter referred to as an "authorized company") to make a report on the

implementation status of the business that fosters investment in agricultural corporations.

(Order to Improve Operations)

Article 6 If the Minister of Agriculture, Forestry and Fisheries finds that a company approved by the minister fails to operate a business that fosters investment in agricultural corporations in accordance with the business plan pertaining to the approval referred to in Article 3, paragraph (1) (if a change under the provisions of Article 4, paragraph (1) has been approved, the revised business plan; hereinafter referred to as the "approved business plan"), the Minister of Agriculture, Forestry and Fisheries may give an order to the authorized company to take the measures necessary for the improvement, by specifying an appropriate period of time.

(Revocation of Approval of Business Plans)

Article 7 The Minister of Agriculture, Forestry and Fisheries may revoke the approval referred to in Article 3, paragraph (1), if an authorized company violates an order under the provisions of the preceding Article.

(Special Provisions for the Japan Finance Corporation Act)

Article 8 (1) In addition to the services specified in Article 11 of the Japan Finance Corporation Act (Act No. 57 of 2007), in order to fill the shortfall in investments, the Japan Finance Corporation may provide the service to provide funds necessary for authorized companies to operate a business that fosters investment in agricultural corporations in accordance with the approved business plan.

(2) The funds specified in the preceding paragraph may be provided after obtaining the approval from the Minister of Agriculture, Forestry and Fisheries and the Minister of Finance, only if it is obvious that the business that fosters investment in agricultural corporations related to the investment certainly makes profits to pay dividends.

(3) With regard to the application of the provisions of Article 11, paragraph (1), item (vi); Article 12, paragraph (1); Article 31, paragraph (2), item (i) (b); Article 41, item (ii); Article 58; Article 59, paragraph (1); Article 64, paragraph (1), item (iv); and Article 73, item (iii) of the Japan Finance Corporation Act to the funds provided by the Japan Finance Corporation specified in paragraph (1) pursuant to the provisions of that paragraph, the phrase "service set forth in..." in Article 11, paragraph (1), item (vi) of that Act is deemed to be replaced with "service set forth in ...and service specified in Article 8, item (i) of the Act on Special Measures for Facilitating Investment in Agricultural Corporations (hereinafter referred to as the "Act on Special Measures"); the phrase "service

set forth in..." in Article 12, paragraph (1) of that Act is deemed to be replaced with "service set forth in ...and service specified in Article 8, paragraph (1) of the Act on Special Measures," the phrase "item (v) of that paragraph" in Article 31, paragraph (2), item (i) (b); Article 41, item (ii); and Article 64, paragraph (2), item (iv) of that Act is deemed to be replaced with "service specified in Article 8, paragraph (1) of the Act on Special Measures and Article 11, paragraph (1), item (v)," the term "this Act" in Article 58 and Article 59, paragraph (1) of that Act is deemed to be replaced with "this Act, the Act on Special Measures," and the term "Article 11" in Article 73, item (iii) of that Act is deemed to be replaced with "Article 11 and Article 8, paragraph (1) of the Act on Special Measures."

(Special Provisions for the Agricultural Cooperatives Act)

Article 9 With regard to the application of the provisions of Article 72-10, paragraph (1) of the Agricultural Cooperatives Act (Act No. 132 of 1947) to an authorized company in the case where the authorized company operates a business that fosters investment in agricultural corporations in accordance with an approved business plan, the phrase the "following persons" in that paragraph is deemed to be replaced with the phrase the "following persons and an authorized company specified in Article 5 of the Act on Special Measures for Facilitating Investment in Agricultural Corporations, which has invested in a business that fosters investment in agricultural corporations specified in Article 2, paragraph (2) of that Act, in accordance with an approved business plan specified in Article 6 of that Act."

(Special Provisions for the Cropland Act)

Article 10 With regard to the application of the provisions of Article 2, paragraph (3), item (ii) of the Cropland Act (Act No. 229 of 1951) to an authorized company, in the case where the authorized company of which majority of all stockholders' voting rights is held by local governments, agricultural cooperatives, the National Federation of Agricultural Associations, or the Norinchukin Bank operates a business that fosters investment in agricultural corporations in accordance with an approved business plan, the phrase the "following persons" in that item is deemed to be replaced with the "following persons and an authorized company specified in Article 5 of the Act on Special Measures for Facilitat Investment in Agricultural Corporations, that has invested in the business that fosters investment in agricultural corporations specified in paragraph (2) of Article 2 of that Act, in accordance with an approved business plan specified in Article 6 of that Act."

(Penal Provisions)

Article 11 (1) If an authorized company fails to submit a report under the provisions of Article 5 or makes a false report, an officer or employee of the authorized company who committed the violation is punished by a fine of not more than 300,000 yen.

(2) When a representative, agent, employee or any other worker of an authorized company has committed the violation referred to in the preceding paragraph with regard to the business of the authorized company, the offender is punished and in addition to this, the authorized company is punished by the penalty referred to in that paragraph.

Supplementary Provisions [Extract]

(Effective Date)

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

(Partial Amendment to the Act on the Budget and Account Settlement of Public Financial Corporations)

Article 2 The Act on the Budget and Account Settlement of Public Financial Corporations (Act No. 99 of 1951) is partially amended as follows:

The phrase "(limited to the case of the Agriculture, Forestry and Fisheries Finance Corporation and the Okinawa Development Finance Corporation)" is added after the "dividends" in Article 5, paragraph (3).

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

This Act comes into effect as of the effective day of the Companies Act.

Supplementary Provisions [Act No. 58 of May 25, 2007] [Extract]

This Act comes into effect as of October 1, 2008.

Supplementary Provisions [Act No. 57 of June 24, 2009] [Extract]

(Effective Date)

Article 1 This Act comes into effect on the day specified by Cabinet Order within a period not exceeding six months from the date of its promulgation.

Supplementary Provisions [Act No. 39 of May 2, 2011] [Extract]

(Effective Date)

Article 1 This Act comes into effect as of the day of its promulgation; provided, however, that the provisions of paragraph (1) of Articles 6 and 47 and the provisions of Articles 22 through 51 of the Supplementary Provisions come into effect as of April 1, 2012.