

Order for Enforcement of the Act on Provision of Financial Services

(Cabinet Order No. 484 of November 17, 2000)

The Cabinet hereby enacts this Cabinet Order pursuant to the provisions of Article 2, paragraph (1), item (iii), item (iv), item (xii), and item (xiii); Article 3, paragraph (2), proviso to paragraph (3) and paragraph (4), item (i); Article 8, proviso to paragraph (1) and paragraph (3) of the Act on Provision of Financial Services (Act No. 101 of 2000).

Table of Contents

Chapter I General Provisions (Article 1)

Chapter II Sale of Financial Instruments (Articles 2 through 14)

Chapter III Financial Service Intermediary Business

Section 1 General Provisions (Articles 15 through 29)

Section 2 Business Operations (Articles 30 through 38)

Section 3 Certified Financial Service Intermediary Business Association
(Article 39)

Section 4 Designated Dispute Resolution Organization (Articles 40 through
42)

Section 5 Miscellaneous Provisions (Articles 43 through 48)

Chapter IV Investigation into Criminal Cases (Article 49)

Supplementary Provisions

Chapter I General Provisions

(Definitions)

Article 1 The terms, "deposits, etc.," "insurance policy," "securities," "market derivatives transactions," and "foreign market derivatives transactions," as used in this Cabinet Order, mean, respectively, the deposits, etc., the insurance policy, the securities, the market derivatives transactions, and the foreign market derivatives transactions prescribed in Article 2 of the Act on Provision of Financial Services (Act No. 101 of 2000; hereinafter referred to as "the Act").

Chapter II Sale of Financial Instruments

(Definitions)

Article 2 The terms, "sale of financial instruments," "sale, etc. of financial instruments," "financial instruments provider, etc.," and "solicitation policy,"

as used in this Chapter, mean, respectively, the sale of financial instruments, the sale, etc. of financial instruments, the financial instruments provider, etc., and the solicitation policy prescribed in Article 3 and Article 10, paragraph (1) of the Act.

(Requirements for a Money Trust)

Article 3 The requirement specified by Cabinet Order that is provided for in Article 3, paragraph (1), item (iii) of the Act is that the investment method for the trust property is not specified.

(Contract Related to Insurance or Mutual Aid)

Article 4 The contract specified by Cabinet Order that is provided for in Article 3, paragraph (1), item (iv) of the Act is a contract related to insurance or mutual aid that does not fall under the contract related to insurance or mutual aid that is entered into pursuant to the provisions of the following laws:

- (i) Health Insurance Act (Act No. 70 of 1922);
- (ii) Forest Insurance Act (Act No. 25 of 1937);
- (iii) Mariners Insurance Act (Act No. 73 of 1939);
- (iv) Industrial Accident Compensation Insurance Act (Act No. 50 of 1947);
- (v) Trade and Investment Insurance Act (Act No. 67 of 1950);
- (vi) Small and Medium-Sized Enterprise Credit Insurance Act (Act No. 264 of 1950);
- (vii) Act on Loan Security for Small and Medium-Sized Fishery Industry (Act No. 346 of 1952);
- (viii) Private School Personnel Mutual Aid Association Act (Act No. 245 of 1953);
- (ix) Employee's Pension Insurance Act (Act No. 115 of 1954);
- (x) Housing Loan Insurance Act (Act No. 63 of 1955);
- (xi) Act on Mutual Aid Association for Liabilities for Occupational Accident Compensation for Firefighters (Act No. 107 of 1956);
- (xii) National Government Employees' Mutual Aid Association Act (Act No. 128 of 1958);
- (xiii) National Health Insurance Act (Act No. 192 of 1958);
- (xiv) National Pension Act (Act No. 141 of 1959; excluding Chapter X);
- (xv) Small and Medium-Sized Enterprise Retirement Allowance Cooperative Act (Act No. 160 of 1959);
- (xvi) Act on Mutual Aid Association for Retirement Allowances of Personnel of Social Welfare Facilities and Other Personnel (Act No. 155 of 1961);
- (xvii) Agricultural Credit Guarantee Insurance Act (Act No. 204 of 1961);
- (xviii) Local Government Employees' Mutual Aid Association Act (Act No. 152 of 1962);

- (xix) Small Enterprise Mutual Relief Projects Act (Act No. 102 of 1965);
- (xx) Act on the Farmers Pension Fund, Independent Administrative Agency (Act No. 127 of 2002);
- (xxi) Deposit Insurance Act (Act No. 34 of 1971);
- (xxii) Agricultural and Fishery Cooperative Savings Insurance Act (Act No. 53 of 1973);
- (xxiii) Employment Insurance Act (Act No. 116 of 1974);
- (xxiv) Act on Mutual Relief System for the Prevention of Bankruptcies of Small and Medium-Sized Enterprises (Act No. 84 of 1977);
- (xxv) Act on the National Agency for the Advancement of Sports and Health, Independent Administrative Agency (Act No. 162 of 2002);
- (xxvi) Long-Term Care Insurance Act (Act No. 123 of 1997);
- (xxvii) Act on Temporary Measures concerning Special Provisions of Credit Insurance for Medium-Sized Enterprise Financed by Bankrupt Financial Institution (Act No. 151 of 1998); and
- (xxviii) Act on Promotion of Offering of Rental Housing to Persons Requiring Special Assistance in Securing Housing (Act No. 112 of 2007).

(Transactions in Which the Parties Agree to Pay or Receive the Difference)

Article 5 The transactions specified by Cabinet Order that are provided for in Article 3, paragraph (1), item (x) of the Act are transactions in which the parties agree to pay or receive money calculated based on the difference between the figure to which the parties have agreed in advance as a figure of the interest rate, the currency value, or any other indicator, and the actual figure of the relevant indicator at a fixed time in the future (excluding transactions on a commodity market as defined in Article 2, paragraph (10) of the Commodity Derivatives Transaction Act (Act No. 239 of 1950), foreign commodity market transactions as defined in paragraph (13) of that Article and over-the-counter commodity derivative transactions as defined in paragraph (14) of that Article (referred to as "commodity futures transactions, etc." in item (ii) of the following Article)).

(Acts that Constitute Sale of Financial Instruments)

Article 6 The acts specified by Cabinet Order that are provided for in Article 3, paragraph (1), item (xi) of the Act are the following acts:

- (i) concluding a trust agreement (limited to when the beneficial interest under the trust agreement is a right set forth in Article 2, paragraph (2), item (i) or item (ii) of the Financial Instruments and Exchange Act (Act No. 25 of 1948)) involving a trust other than a money trust for which the investment method for the trust property has not been specified with the settler of the trust agreement; and

(ii) conducting financial derivative transactions (excluding transactions and commodity futures transactions, etc. referred to in the preceding Article) prescribed in Article 10, paragraph (2), item (xiv) of the Banking Act (Act No. 59 of 1981), or commission of the relevant transactions.

(Scope of Monetary Equivalent)

Article 7 The property other than money specified by Cabinet Order that is provided for in Article 4, paragraph (3) of the Act is the following property:

- (i) property other than money to be transferred upon conclusion of a trust agreement prescribed in item (i) of the preceding Article; or
- (ii) crypto-assets (meaning the crypto-assets as defined in Article 2, paragraph (5) of the Payment Services Act (Act No. 59 of 2009); the same applies in Article 9), except for those falling under cases set forth in the preceding item.

(Acts That Causes a Risk of Incurring a Loss Exceeding the Initial Principal)

Article 8 The acts specified by Cabinet Order that are provided for in Article 4, paragraph (4), item (i) of the Act are the acts set forth in Article 6, item (ii).

(Scope of Security Deposit Equivalent)

Article 9 The property other than money specified by Cabinet Order that is provided for in Article 4, paragraph (4), item (i) of the Act is crypto-assets.

(Structure of Transactions Involving the Sale of Financial Instruments)

Article 10 The matters specified by Cabinet Order that are provided for in Article 4, paragraph (5), item (vii) of the Act are the following matters:

- (i) for the act set forth in Article 6, item (i), the content of the trust agreement prescribed in that item; and
- (ii) for the act set forth in Article 6, item (ii), the structure of the financial derivative transactions prescribed in that item.

(Persons Excluded from Those That Are Not Required to Explain Important Matters)

Article 11 The person specified by Cabinet Order that is provided for in the proviso to Article 4, paragraph (6) of the Act is a person that acts on behalf of the customer as an agent in executing the sale of a financial instrument.

(Specified Customer)

Article 12 (1) The person specified by Cabinet Order that is provided for in Article 4, paragraph (7), item (i) of the Act is a financial instruments provider, etc., or a professional investor as defined in Article 2, paragraph (31) of the Financial Instruments and Exchange Act (referred to as the "professional

investor" in the following paragraph).

- (2) When a contract for the sale, etc. of financial instruments falls under the subject contract prescribed in Article 34-3, paragraph (2), item (ii) of the Financial Instruments and Exchange Act (including as applied mutatis mutandis pursuant to Article 34-4, paragraph (6) of that Act (including as applied mutatis mutandis pursuant to the provisions of the Banking Act, etc.) and the Banking Act, etc.), the "professional investor" set forth in the preceding paragraph includes a person that, as regards the relevant sale, etc. of financial instruments, is deemed to be a professional investor connected with the subject contract pursuant to the provisions of Article 34-3, paragraph (4) of that Act (including as applied mutatis mutandis pursuant to Article 34-4, paragraph (6) of that Act (including as applied mutatis mutandis pursuant to the provisions of the Banking Act, etc.) and the Banking Act, etc.) or Article 34-3, paragraph (6) of that Act (including when applied mutatis mutandis pursuant to Article 34-4, paragraph (6) of that Act), and when a contract for the sale, etc. of financial instruments falls under the subject contract prescribed in Article 34-2, paragraph (2) of that Act (including as applied mutatis mutandis pursuant to the provisions of the Banking Act, etc.), as regards the relevant sale, etc. of financial instruments, the "professional investor" set forth in the preceding paragraph excludes a person who is deemed to be a customer other than a professional investor that is connected with the relevant subject contract, pursuant to the provisions of paragraph (5) (including as applied mutatis mutandis pursuant to the provisions of the Banking Act, etc.) or paragraph (8) of that Article.
- (3) The "provisions of the Banking Act, etc." as referred to in the preceding paragraph mean the following provisions:
- (i) the provisions of Article 31, paragraph (2) of the Act;
 - (ii) the provisions of Article 2-2 of the Act on Engagement in Trust Business by Financial Institutions (Act No. 43 of 1943);
 - (iii) the provisions of Article 11-5 or Article 11-27 of the Agricultural Cooperatives Act (Act No. 132 of 1947);
 - (iv) the provisions of Article 11-11 of the Fisheries Cooperatives Act (Act No. 242 of 1948) (including as applied mutatis mutandis pursuant to Article 92, paragraph (1), Article 96, paragraph (1) or Article 100, paragraph (1) of that Act) or Article 15-12 (including as applied mutatis mutandis pursuant to Article 96, paragraph (1) or Article 105, paragraph (1) of that Act);
 - (v) the provisions of Article 9-7-5, paragraph (2) of the Small and Medium-Sized Enterprises Cooperatives Act (Act No. 181 of 1949) (including as applied mutatis mutandis pursuant to Article 9-9, paragraph (5) or paragraph (8) of that Act);
 - (vi) the provisions of Article 6-5-11 of the Act on Financial Business by

- Cooperatives (Act No. 183 of 1949);
- (vii) the provisions of Article 89-2 of the Shinkin Bank Act (Act No. 238 of 1951);
 - (viii) the provisions of Article 17-2 of the Long-Term Credit Bank Act (Act No. 187 of 1952);
 - (ix) the provisions of Article 94-2 of the Labor Bank Act (Act No. 227 of 1953);
 - (x) the provisions of Article 13-4 of the Banking Act;
 - (xi) the provisions of Article 300-2 of the Insurance Business Act (Act No. 105 of 1995);
 - (xii) the provisions of Article 59-3 of the Norinchukin Bank Act (Act No. 93 of 2001);
 - (xiii) the provisions of Article 24-2 of the Trust Business Act (Act No. 154 of 2004) (including as applied mutatis mutandis pursuant to Article 99, paragraph (8) of the Insurance Business Act); and
 - (xiv) the provisions of Article 29 of the Shoko Chukin Bank Limited Act (Act No. 74 of 2007).

(Persons That Are Not Required to Establish a Solicitation Policy)

Article 13 The person specified by Cabinet Order that is provided for in the proviso to Article 10, paragraph (1) of the Act is a corporation directly established pursuant to a law or established by a special act of incorporation pursuant to a specific law (excluding a corporation that is not subject to the application of the provisions of Article 4, paragraph (1), item (viii) of the Act for Establishment of the Ministry of Internal Affairs and Communications (Act No. 91 of 1999)) that is wholly owned by the State or a local government.

(Method for Making a Solicitation Policy Public)

Article 14 The method specified by Cabinet Order that is provided for in Article 10, paragraph (3) of the Act is the method of posting the solicitation policy in a clearly visible manner or providing the solicitation policy for public inspection at the head office or principal office of a financial instruments provider, etc. (or, if the financial instruments provider, etc. is an individual, that individual's address; the same applies in item (i)), and, in the cases set forth in each of the following items, the method specified in the relevant item:

- (i) if the financial instruments provider, etc. conducts sales, etc. of financial instruments at its place of business, office or any other place (excluding its head office or principal office; hereinafter referred to as "place of business" in this item): the method of posting the solicitation policy in a clearly visible manner or providing the solicitation policy for public inspection at each place of business where sales, etc. of financial instruments are conducted;
- (ii) if the financial instruments provider, etc. conducts sales, etc. of financial

instruments by implementing automatic transmission by wireless communications or wire telecommunications for the public to receive the solicitation policy directly, at the request of the public (hereinafter referred to as "automatic transmission" in this item) (excluding cases that fall under the cases set forth in the preceding item): the method of implementing automatic transmission of the solicitation policy.

Chapter III Financial Service Intermediary Business

Section 1 General Provisions

(Definitions)

Article 15 The terms, "financial service intermediary business," "deposits, etc. intermediary business operations," "insurance intermediary business operations," "securities, etc. intermediary business operations," "loan intermediary business operations," "financial service intermediary," "certified financial service intermediary business association," and "financial service intermediary business operations," as used in this Chapter, mean, respectively, the financial service intermediary business, the deposits, etc. intermediary business operations, the insurance intermediary business operations, the securities, etc. intermediary business operations, the loan intermediary business operations, the financial service intermediary, the certified financial service intermediary business association, and the financial service intermediary business operations prescribed in Article 11, paragraphs (1) through (8) of the Act.

(Persons Excluded from Persons Engaged in Deposits Intermediary Business Operations)

Article 16 The persons specified by Cabinet Order that are provided for in Article 11, paragraph (2) of the Act are the following persons:

- (i) a specified credit business agent prescribed in Article 92-2, paragraph (3) of the Agricultural Cooperatives Act;
- (ii) deposit-taking institutions prescribed in Article 92-3, paragraph (1) of the Agricultural Cooperatives Act that engage in the specified credit business agency service prescribed in Article 92-2, paragraph (2) of that Act by making a notification under the provisions of Article 92-3, paragraph (3) of that Act;
- (iii) a specified credit business agent prescribed in Article 106, paragraph (3) of the Fisheries Cooperatives Act;
- (iv) deposit-taking institutions prescribed in Article 107, paragraph (1) of the Fisheries Cooperatives Act that engage in the specified credit business agency service prescribed in Article 106, paragraph (2) of that Act by making

- a notification under the provisions of Article 107, paragraph (3) of that Act;
- (v) a credit cooperative agent prescribed in Article 6-3, paragraph (3) of the Act on Financial Business by Cooperatives;
 - (vi) a credit cooperative, etc. prescribed in Article 6-4 of the Act on Financial Businesses by Cooperatives that engages in the credit cooperative agency service prescribed in Article 6-3, paragraph (2) of that Act by making a notification under the provisions of Article 52-61, paragraph (3) of the Banking Act as applied mutatis mutandis pursuant to Article 6-5, paragraph (1) of the Act on Financial Businesses by Cooperatives following the deemed replacement of terms;
 - (vii) a shinkin bank agent prescribed in Article 85-2, paragraph (3) of the Shinkin Bank Act;
 - (viii) a shinkin bank, etc. prescribed in Article 85-3 of the Shinkin Bank Act that engages in the shinkin bank agency service prescribed in Article 85-2, paragraph (2) of that Act by making a notification under the provisions of Article 52-61, paragraph (3) of the Banking Act as applied mutatis mutandis pursuant to Article 89, paragraph (5) of the Shinkin Bank Act following the deemed replacement of terms;
 - (ix) a long-term credit bank agent prescribed in Article 16-5, paragraph (3) of the Long-Term Credit Bank Act;
 - (x) a long-term credit bank, etc. prescribed in Article 16-7 of the Long-Term Credit Bank Act that engages in the long-term credit bank agency service prescribed in Article 16-5, paragraph (2) of that Act by making a notification under the provisions of Article 52-61, paragraph (3) of the Banking Act as applied mutatis mutandis pursuant to Article 17 of the Long-Term Credit Bank Act following the deemed replacement of terms;
 - (xi) a labor bank agent prescribed in Article 89-3, paragraph (3) of the Labor Bank Act;
 - (xii) a labor bank, etc. prescribed in Article 89-4 of the Labor Bank Act that engages in the labor bank agency service prescribed in Article 89-3, paragraph (2) of that Act by making a notification under the provisions of Article 52-61, paragraph (3) of the Banking Act as applied mutatis mutandis pursuant to Article 94, paragraph (3) of the Labor Bank Act following the deemed replacement of terms;
 - (xiii) deposit-taking institutions prescribed in Article 52-61, paragraph (1) of the Banking Act that engage in the bank agency service prescribed in Article 2, paragraph (14) of that Act by making a notification under the provisions of Article 52-61, paragraph (3) of that Act;
 - (xiv) an agricultural cooperative, fisheries cooperative, and fishery processing cooperative that engage in the agency service for the business operations to which the authorization under Article 42, paragraph (3) of the Act on

Enhancement and Restructuring of Credit Business Conducted by The Norinchukin Bank and Specified Agricultural and Fishery Cooperative Savings Insurance Cooperation (Act No. 118 of 1996) pertains;

- (xv) a Norinchukin Bank agent prescribed in Article 95-2, paragraph (3) of the Norinchukin Bank Act;
- (xvi) deposit-taking institutions prescribed in Article 95-3, paragraph (1) of the Norinchukin Bank Act that engage in the Norinchukin Bank agency service prescribed in Article 95-2, paragraph (2) of that Act by making a notification under the provisions of Article 95-3, paragraph (3) of that Act; and
- (xvii) a person that conducts intermediation of the conclusion of a contract for the lending of funds or the discounting of bills (limited to those conducting these services on a regular basis based on the provisions of other laws (excluding the Money Lending Business Act (Act No. 32 of 1983) and those set forth in the items of Article 2, paragraph (1) of that Act (excluding item (ii)) (excluding the bank agent prescribed in Article 2, paragraph (15) of the Banking Act and the persons set forth in the preceding items).

(Contracts for Acceptance of Deposits Requiring Highly Professional Explanations to Customers)

Article 17 (1) What are specified by Cabinet Order that are provided for in Article 11, paragraph (2), item (i) of the Act are the following contracts:

- (i) a contract for specified deposits, etc. prescribed in Article 52-44, paragraph (2) of the Banking Act as applied mutatis mutandis pursuant to Article 29 of the Act following the deemed replacement of terms (excluding a contract specified by Cabinet Office Order as one related to transactions that are used in the day-to-day lives of the people); and
- (ii) a contract for the acceptance of deposits, etc. with a due date for refund but without special agreement prohibiting assignment.

(2) What are specified by Cabinet Order that are provided for in Article 11, paragraph (2), item (ii) of the Act are the following contracts:

- (i) a contract for the lending of funds or the discounting of bills concluded with a customer who is an individual (excluding an individual who becomes a party to a contract as a business or for the purpose of business; the same applies in Article 20, item (i)), which is based on a promise that funds are to be provided or bills are to be discounted for the customer upon their request, within the limit of the maximum amount, on the condition that the customer is to repay the loans according to predetermined conditions (excluding a contract specified by Cabinet Office Order as one related to transactions that are used in the day-to-day lives of the people); and
- (ii) a contract related to the lending of funds or the discounting of bills based on the contract set forth in the preceding item.

(Insurance Policies Requiring Highly Professional Explanations to Customers)

Article 18 What are specified by Cabinet Order that are provided for in Article 11, paragraph (3) of the Act are the following insurance policies:

- (i) a specified insurance contract prescribed in Article 300-2 of the Insurance Business Act;
- (ii) an insurance policy under which the main objects of insurance are real property and movables and there is a promise to mainly compensate for loss or damage that arises from fires (excluding those under which only movables are the objects of insurance);
- (iii) a reinsurance contract;
- (iv) an insurance policy under which a corporation or any other organization, or an individual (limited to an individual who becomes a policyholder as a business or for the purpose of business) is a policyholder;
- (v) an insurance policy for group insurance (meaning insurance for which an organization or its representative is the policyholder and the persons who belong to that organization are the insured) (excluding those specified by Cabinet Office Order as being unlikely to result in insufficient protection of policyholders, etc. (meaning the policyholders, etc. prescribed in Article 17, paragraph (1) of the Act; the same applies in item (vii), (a)));
- (vi) an insurance policy specified by Cabinet Office Order as one under which it is particularly necessary to appropriately provide customers with necessary information on matters such as coefficients that serve as the basis of calculation of insurance premiums; and
- (vii) an insurance policy other than the insurance policies set forth in the preceding items, which falls under any of the following:
 - (a) an insurance policy for the insurance set forth in any of 1 through 3 below (excluding those specified by Cabinet Office Order as being unlikely to result in insufficient protection of policyholders, etc.), under which there is a promise to pay insurance proceeds or compensate for loss or damage in an amount exceeding the relevant amount among the amounts specified respectively in 1 through 3 below per insured person under a single policyholder:
 1. the insurance set forth in Article 3, paragraph (4), item (i) of the Insurance Business Act: 10 million yen;
 2. the insurance set forth in Article 3, paragraph (4), item (ii) or paragraph (5), item (ii) of the Insurance Business Act: six million yen; or
 3. the insurance set forth in Article 3, paragraph (5), item (i) of the Insurance Business Act: 20 million yen; or
 - (b) an insurance policy for insurance for which the insurance period is for the lifetime of the insured.

(Purchase and Sale of Securities Requiring Highly Professional Explanations to Customers)

Article 19 (1) What are specified by Cabinet Order that are provided for in Article 11, paragraph (4), item (i) of the Act are the following purchases and sales:

- (i) the purchase and sale of securities (excluding the following securities):
 - (a) the securities set forth in Article 2, paragraph (1), items (i) through (iii), or item (v) of the Financial Instruments and Exchange Act (excluding corporate bond certificates with share options), which fall under all of the following:
 - 1. the securities for which the solicitation of offers to acquire (meaning the solicitation of offers to acquire prescribed in Article 2, paragraph (3) of the Act; hereinafter the same applies in this item) falls under the case set forth in item (i) of that paragraph or for which the offer to sell, etc. (meaning the offer to sell, etc. prescribed in paragraph (4) of that Article; hereinafter the same applies in this item) falls under the case set forth in paragraph (4), item (i) of that Article; or
 - 2. the securities for which the method and due date for redemption and other conditions satisfy the requirements specified by Cabinet Office Order;
 - (b) the securities set forth in Article 2, paragraph (1), item (vi), (vii), or (ix) of the Financial Instruments and Exchange Act (excluding share option certificates), which are listed on the financial instruments exchange prescribed in paragraph (16) of that Article or an exchange similar thereto that is located in a foreign state (hereinafter referred to as a "financial instruments exchange, etc." in this item) (excluding those specified by Cabinet Office Order) or those for which a financial instruments exchange, etc. has approved the listing for purchase and sale;
 - (c) the securities set forth in Article 2, paragraph (1), item (x) of the Financial Instruments and Exchange Act, which fall under all of the following:
 - 1. the securities that fall under either of the following:
 - i. the securities for which the solicitation of offers to acquire falls under the case set forth in Article 2, paragraph (3), item (i) of the Financial Instruments and Exchange Act or for which the offer to sell, etc. falls under the case set forth in paragraph (4), item (i) of that Article; or
 - ii. the securities which are listed on a financial instruments exchange, etc. (excluding those specified by Cabinet Office Order) or those for which a financial instruments exchange, etc. has approved the listing for purchase and sale; and

2. the securities other than those for which securities (excluding the securities set forth in (a) through (i) (excluding the parts concerning (a) 1, (c) 1, (d) 1, and (e) 1) the same applies in (d) 2 and (f) 2) or rights related to derivatives transactions (meaning the derivatives transactions as defined in Article 2, paragraph (20) of the Financial Instruments and Exchange Act; hereinafter the same applies in this paragraph) (including transactions specified by Cabinet Office Order as being similar to derivatives transactions; the same applies in (d) 2 and (f) 2) are entrusted as trust property (excluding those for which the securities or rights are entrusted as trust property for the purposes specified by Cabinet Office Order);
- (d) the securities set forth in Article 2, paragraph (1), item (xi) of the Financial Instruments and Exchange Act (limited to investment securities (meaning the investment securities as defined in Article 2, paragraph (15) of the Act on Investment Trusts and Investment Corporations (Act No. 198 of 1951); the same applies in (d)) or foreign investment securities (meaning the foreign investment securities prescribed in Article 220, paragraph (1) of the Act on Investment Trusts and Investment Corporations; the same applies in (e)) that are similar to investment securities), which fall under all of the following:
 1. the securities that fall under either of the following:
 - i. the securities for which the solicitation of offers to acquire falls under the case set forth in Article 2, paragraph (3), item (i) of the Financial Instruments and Exchange Act or for which the offer to sell, etc. falls under the case set forth in paragraph (4), item (i) of that Article; or
 - ii. the securities which are listed on a financial instruments exchange, etc. (excluding those specified by Cabinet Office Order) or those for which a financial instruments exchange, etc. has approved the listing for purchase and sale; and
 2. the securities other than those for which securities or rights related to derivatives transactions are assets to be the subject of investment (excluding those for which the securities or rights are assets to be the subject of investment for the purposes specified by Cabinet Office Order);
- (e) the securities set forth in Article 2, paragraph (1), item (xi) of the Financial Instruments and Exchange Act (limited to investment corporation bond certificates (meaning the investment corporation bond certificates as defined in Article 2, paragraph (20) of the Act on Investment Trusts and Investment Corporations; the same applies in (e)) or foreign investment securities that are similar to investment corporation bond certificates), which fall under all of the following:

1. the securities for which the solicitation of offers to acquire falls under the case set forth in Article 2, paragraph (3), item (i) of the Financial Instruments and Exchange Act or for which the offer to sell, etc. falls under the case set forth in paragraph (4), item (i) of that Article; and
 2. the securities for which the method and due date for redemption and other conditions satisfy the requirements specified by Cabinet Office Order;
- (f) the securities set forth in Article 2, paragraph (1), item (xiv) of the Financial Instruments and Exchange Act, which fall under all of the following:
1. the securities which are listed on a financial instruments exchange, etc. (excluding those specified by Cabinet Office Order) or those for which a financial instruments exchange, etc. has approved the listing for purchase and sale; and
 2. the securities for which mainly specified assets (meaning the specified assets as defined in Article 2, paragraph (1) of the Act on Investment Trusts and Investment Corporations) are entrusted as trust property, other than those for which securities or rights related to derivatives transactions are entrusted as trust property (excluding those for which the securities or rights are entrusted as trust property for the purposes specified by Cabinet Office Order);
- (g) the securities set forth in Article 2, paragraph (1), item (xvii) of the Financial Instruments and Exchange Act, which have the nature of the securities set forth in (a), (b), or (f);
- (h) the securities set forth in Article 2, paragraph (1), item (xx) of the Financial Instruments and Exchange Act indicating rights related to the securities set forth in (a) through (g), which are listed on a financial instruments exchange, etc. (excluding those specified by Cabinet Office Order) or those for which a financial instruments exchange, etc. has approved the listing for the purchase and sale; and
- (i) the rights required to be indicated on the securities set forth in (a) through (h), which are deemed to be securities pursuant to the provisions of Article 2, paragraph (2) of the Financial Instruments and Exchange Act;
- (ii) the purchase and sale of the securities set forth in (a) through (i) of the preceding item, which fall under derivatives transactions, margin transactions (meaning transactions conducted based on the credit granted to a customer by the counterpart financial institution prescribed in Article 37-3, paragraph (1), item (i) of the Financial Instruments and Exchange Act as applied mutatis mutandis pursuant to Article 31, paragraph (2) of the Act following the deemed replacement of terms, which is a financial instrument business operator (meaning the financial instrument business operator as

- defined in Article 2, paragraph (9) of that Act; the same applies in Article 30, paragraph (1)), or any other transactions specified by Cabinet Office Order.
- (2) What are specified by Cabinet Order that are provided for in Article 11, paragraph (4), item (ii) of the Act are the following transactions:
- (i) the purchase and sale of securities set forth in the items of the preceding paragraph; and
 - (ii) market derivatives transactions and foreign market derivatives transactions.
- (3) What is specified by Cabinet Order that is provided for in Article 11, paragraph (4), item (iii) of the Act is handling of the public offering of securities (meaning the public offering of securities as defined in Article 2, paragraph (3) of the Financial Instruments and Exchange Act) or secondary distribution of securities (meaning the secondary distribution of securities as defined in Article 2, paragraph (4) of the Financial Instruments and Exchange Act) (excluding those involving the securities set forth in paragraph (1), item (i), (a) through (i)), or the handling of private placement of securities (meaning the private placement of securities as defined in Article 2, paragraph (3) of the Financial Instruments and Exchange Act) or exclusive offer to sell, etc. to professional investors (meaning the exclusive offer to sell, etc. to professional investors as defined in Article 2, paragraph (6) of the Financial Instruments and Exchange Act).
- (4) The investment advisory contract specified by Cabinet Order that is provided for in Article 11, paragraph (4), item (iv) of the Act is an investment advisory contract as defined in Article 2, paragraph (8), item (xi) of the Financial Instruments and Exchange Act (limited to those for providing advice concerning the values, etc. of securities (meaning the values, etc. of securities as defined in (a) of that item, excluding those involving the securities set forth in paragraph (1), item (i), (a) through (i)) or concerning investment decisions based on an analysis of the values, etc. of financial instruments (meaning the values, etc. of financial instruments as defined in paragraph (8), item (xi), (b) of that Article) (meaning the investment decisions prescribed in Article 2, paragraph (8), item (xi), (b) of that Act, excluding those related to transactions and handling that do not fall under any of the preceding three paragraphs; the same applies in the following paragraph)).
- (5) The discretionary investment contract specified by Cabinet Order that is provided for in Article 11, paragraph (4), item (iv) of the Act is a discretionary investment contract as defined in Article 2, paragraph (8), item (xii), (b) of the Financial Instruments and Exchange Act (limited to those for making investments based on investment decisions).

(Contract for Lending of Funds or Discounting of Bills Requiring Highly

Professional Explanations to Customers)

Article 20 What are specified by Cabinet Order that are provided for in Article 11, paragraph (5) of the Act are the following contracts:

- (i) a contract for the lending of funds or the discounting of bills concluded with a customer who is an individual, which is based on a promise that funds are to be provided or bills are to be discounted for the customer upon their request within the limit of the maximum amount on the condition that the customer is to repay the loans according to predetermined conditions; and
- (ii) a contract related to the lending of funds or the discounting of bills based on the contract set forth in the preceding item.

(Laws That Serve as Criteria for Registration)

Article 21 The laws specified by Cabinet Order that are provided for in Article 15, item (i), (m) of the Act are as follows:

- (i) Patent Act (Act No. 121 of 1959);
- (ii) Utility Model Act (Act No. 123 of 1959);
- (iii) Design Act (Act No. 125 of 1959);
- (iv) Trademark Act (Act No. 127 of 1959);
- (v) Copyright Act (Act No. 48 of 1970);
- (vi) Act on the Circuit Layout of a Semiconductor Integrated Circuit (Act No. 43 of 1985);
- (vii) Act on Special Measures for the Reorganization Proceedings of Financial Institutions (Act No. 95 of 1996);
- (viii) Plant Variety Protection and Seed Act (Act No. 83 of 1998);
- (ix) Civil Rehabilitation Act (Act No. 225 of 1999);
- (x) Act on Recognition of and Assistance for Foreign Insolvency Proceedings (Act No. 129 of 2000);
- (xi) Act on General Incorporated Associations and General Incorporated Foundations (Act No. 48 of 2006);
- (xii) Act on Authorization of Public Interest Incorporated Associations and Public Interest Incorporated Foundations (Act No. 49 of 2006);
- (xiii) Corporate Reorganization Act (Act No. 154 of 2002);
- (xiv) Bankruptcy Act (Act No. 75 of 2004);
- (xv) Companies Act (Act No. 86 of 2005); and
- (xvi) Payment Services Act.

(Persons Specified by Cabinet Order as Provided for in Article 15, Item (vi) of the Act)

Article 22 The persons specified by Cabinet Order that are provided for in Article 15, item (vi) of the Act (including as applied mutatis mutandis pursuant to Article 16, paragraph (2) of the Act following the deemed replacement of

terms are the following persons:

- (i) a mutual loan company;
- (ii) an agricultural cooperative, etc. (meaning an agricultural cooperative and a federation of agricultural cooperatives that engage in the business referred to in Article 10, paragraph (1), item (iii) of the Agricultural Cooperatives Act; the same applies in Article 25, paragraph (1), item (i));
- (iii) a securities finance company as defined in Article 2, paragraph (30) of the Financial Instruments and Exchange Act;
- (iv) a person engaged in type-I financial instruments business prescribed in Article 28, paragraph (1) of the Financial Instruments and Exchange Act and officers (meaning directors, accounting advisors, company auditors, executive officers, or other persons equivalent to them) and employees of a registered financial institution as defined in Article 2, paragraph (11) of that Act;
- (v) a fisheries cooperative, etc. (meaning a fisheries cooperative that engages in the business referred to in Article 11, paragraph (1), item (iv) of the Fisheries Cooperatives Act, a federation of fisheries cooperatives that engages in the business referred to in Article 87, paragraph (1), item (iv) of that Act, a fishery processing cooperative that engages in the business referred to in Article 93, paragraph (1), item (ii) of that Act, and a federation of fishery processing cooperatives that engages in the business referred to in Article 97, paragraph (1), item (ii) of that Act; the same applies in Article 25, paragraph (1), item (ii));
- (vi) a credit cooperative and a federation of credit cooperatives (limited to those that engage in the business referred to in Article 9-9, paragraph (1), item (i) of the Small and Medium-Sized Enterprises Cooperatives Act; the same applies in Article 25, paragraph (1), item (iii));
- (vii) a shinkin bank and a federation of shinkin banks;
- (viii) a long-term credit bank (meaning a long-term credit bank as defined in Article 2 of the Long-Term Credit Bank Act; the same applies in Article 25, paragraph (1), item (v));
- (ix) a labor bank and the Rokinren Bank ;
- (x) an insurance company (meaning an insurance company as defined in Article 2, paragraph (2) of the Insurance Business Act, including a foreign insurance company, etc. as defined in paragraph (7) of that Article; the same applies in Article 27);
- (xi) the Norinchukin Bank;
- (xii) the Shoko Chukin Bank Limited; and
- (xiii) among the persons who mainly engage in making call loans or in acting as an intermediary in the lending and borrowing of call money on a regular basis, those designated by the Commissioner of the Financial Services Agency.

(Employees Specified by Cabinet Order as Provided for in Article 15, Item (vii) of the Act)

Article 23 The employees specified by Cabinet Order that are provided for in Article 15, item (vii) of the Act (including as applied mutatis mutandis pursuant to Article 16, paragraph (2) of the Act following the deemed replacement of terms) are persons who supervises business in the place of business or office regarding the loan intermediary business operations, or any other person equivalent to them specified by Cabinet Office Order.

(Persons Who Must Make a Notification to the Prime Minister)

Article 24 The persons specified by Cabinet Order that are provided for in Article 16, paragraph (3), item (viii), (a) of the Act are the persons set forth in Article 16, items (i) through (xvi).

(Persons Who May Engage in Insurance Intermediary Business Operations)

Article 25 (1) The persons specified by Cabinet Order that are provided for in Article 17, paragraph (1) of the Act are the following persons:

- (i) an agricultural cooperative, etc.;
- (ii) a fisheries cooperative, etc.;
- (iii) a credit cooperative and a federation of credit cooperatives;
- (iv) a shinkin bank and a federation of shinkin banks;
- (v) a long-term credit bank;
- (vi) a labor bank and the Rokinren Bank;
- (vii) the Norinchukin Bank; and
- (viii) the Shoko Chukin Bank Limited.

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

- (i) Agricultural Cooperatives Act;
- (ii) Fisheries Cooperatives Act;
- (iii) Small and Medium-Sized Enterprises Cooperatives Act;
- (iv) Shinkin Bank Act;
- (v) Long-Term Credit Bank Act;
- (vi) Labor Bank Act;
- (vii) Norinchukin Bank Act; and
- (viii) Shoko Chukin Bank Limited Act.

(Amount of Security Deposits)

Article 26 The amount specified by Cabinet Order that is provided for in Article 22, paragraph (2) of the Act is the amount specified in the following items in accordance with the category of period set forth in each item:

- (i) for the period from the date of commencement of business to the day on which three months have elapsed since the last day of the first business year: ten million yen; and
- (ii) for the period from the day on which three months have elapsed from the first day of each business year (excluding the first business year) (the day is referred to as the "reference date" in item (i) of the following Article and Article 29, paragraph (1), item (iii)) to the day on which three months have elapsed since the last day of the relevant business year: the amount obtained by adding the amount of the annual insurance premiums collected in the previous business year of the relevant business year (meaning the total of the amount of commission, reward or any other consideration received in connection with financial service intermediary business operations in a single business year) multiplied by 5 percent (if the amount obtained includes a fraction of less than one hundred thousand yen, the fraction is to be rounded off) to ten million yen.

(Contract that Wholly or Partially Replaces Security Deposits)

Article 27 When concluding a contract referred to in Article 22, paragraph (3) of the Act, a financial service intermediary must conclude the contract with a bank (meaning a bank as defined in Article 2, paragraph (1) of the Banking Act; the same applies in Article 30, paragraph (1)), an insurance company (including the underwriting member prescribed in Article 219, paragraph (1) of the Insurance Business Act of the specified corporation prescribed in that paragraph which has obtained the license referred to in that paragraph), or any other financial institution specified by Cabinet Office Order, and the content of that contract must conform to the following requirements:

- (i) if the financial service intermediary comes to fall under any of the following cases, the amount of deposit under an order issued by the Prime Minister pursuant to the provisions of Article 22, paragraph (4) of the Act (hereinafter simply referred to as the "order" in this item) is to be deposited without delay on behalf of the financial service intermediary:
 - (a) the financial service intermediary has been issued the order within the period from the date of commencement of the financial service intermediary's business operations or the reference date to the day preceding the first reference date that comes after either of these dates; or
 - (b) the financial service intermediary has failed to make a deposit (including the conclusion of a contract referred to in Article 22, paragraph (3) of the Act) with regard to a security deposit referred to in paragraph (1) of that Article for the first reference date prescribed in (a) even after the relevant first reference date, and the other party to the contract has been issued the order; and

- (ii) the contract may not be canceled and the content of the contract may not be amended, unless approved by the Commissioner of the Financial Services Agency.

(Procedure for Enforcement of the Right)

- Article 28 (1) A person who holds the right referred to in Article 22, paragraph (6) of the Act (hereinafter simply referred to as the "right" in this Article) may file a petition for the enforcement of the right with the Commissioner of the Financial Services Agency.
- (2) If a petition referred to in the preceding paragraph has been filed and the Commissioner of the Financial Services Agency finds that there are grounds for the petition, the Commissioner must give public notice to persons holding the right in relation to the security deposits that have been deposited pursuant to the provisions of Article 22, paragraph (1), (4), or (8), to the effect that they are required to report the right within a fixed period of not less than 60 days and that the persons not reporting their right within that period are required to be excluded from the distribution procedures, and must also notify the person that has filed the petition under the preceding paragraph (referred to as the "petitioner" in the following paragraph and paragraph (4)) and the financial service intermediary to which the security deposit pertains (if the financial service intermediary has concluded the contract referred to in paragraph (3) of that Article, including the other party to the contract; the same applies in paragraphs (4) and (5)) to that effect.
 - (3) Once the public notice under the provisions of the preceding paragraph is given, even if the petitioner has withdrawn the petition, this does not prevent the procedures for the enforcement of the right from proceeding.
 - (4) The Commissioner of the Financial Services Agency must conduct an investigation of the right without delay after the period referred to in paragraph (2) has elapsed. In this case, the Commissioner of the Financial Services Agency must give the petitioner, the persons who reported their right within the relevant period, and the relevant financial service intermediary an opportunity to present evidence and state opinions with regard to the presence or absence of the right and the amount of claims secured by the right, by giving public notice and giving notice to the relevant financial service intermediary of the date and the place of the investigation in advance.
 - (5) Based on the results of the investigation under the provisions of the preceding paragraph, the Commissioner of the Financial Services Agency must prepare a distribution list and give public notice of the list, as well as notify the relevant financial service intermediary to that effect, without delay.
 - (6) The Commissioner of the Financial Services Agency implements the distribution in accordance with the distribution list after 110 days have

elapsed from the day on which the public notice under the provisions of the preceding paragraph was given.

- (7) If the locations of places of business or offices of a financial service intermediary cannot be ascertained, the Commissioner of the Financial Services Agency is not required to give notice under the provisions of paragraphs (2), (4), and (5) to the relevant financial service intermediary.
- (8) If securities have been deposited pursuant to the provisions of Article 22, paragraph (9) of the Act, and it is necessary for the enforcement of the right, the Commissioner of the Financial Services Agency may realize these securities. In this case, the costs for realization are deducted from the proceeds of the realization.

(Financial Service Intermediary Liability Insurance Contract Partially Replacing Security Deposits)

Article 29 (1) When a financial service intermediary concludes a financial service intermediary liability insurance contract prescribed in Article 23, paragraph (1) of the Act, the counterparty must be a non-life insurance company as defined in Article 2, paragraph (4) of the Insurance Business Act (including a foreign non-life insurance company, etc. as defined in paragraph (9) of that Article and the underwriting member prescribed in Article 219, paragraph (1) of that Act of a person that has obtained the specified non-life insurance business license referred to in paragraph (5) of that Article), or any other person specified by Cabinet Office Order, and the content of the contract must conform to the following requirements:

- (i) if a financial service intermediary has incurred any liability to compensate for damage in connection with its financial service intermediary business operations, loss the financial service intermediary incurs through the compensation of damage due to specific grounds (referred to as "loss due to specific grounds" in the following item) is to be covered;
- (ii) if the loss is to be covered only when the amount of loss due to specific grounds exceeds a fixed amount of money and is limited to the part of the loss that is greater than that fixed amount of money, the fixed amount is not more than the amount specified by the Commissioner of the Financial Services Agency in consideration of the status of the financial service intermediary business operations and the protection of customers, etc. (meaning the customers, etc. prescribed in Article 22, paragraph (2) of the Act; the same applies in item (v) and Article 45);
- (iii) the contract will remain in effect for a period of one year or longer starting from the date of commencement of the financial service intermediary's business operations or the reference date;
- (iv) the contract may not be canceled and the content of the contract may not

- be amended, unless approved by the Commissioner of the Financial Services Agency; and
- (v) any other requirements specified by the Commissioner of the Financial Services Agency as necessary for the protection of customers, etc.
- (2) The amount that the Prime Minister may approve as the part of the security deposit referred to in Article 22, paragraph (1) of the Act that the financial service intermediary which has concluded the financial service intermediary liability insurance contract referred to in the preceding paragraph need not deposit is limited to the amount equivalent to the amount obtained by deducting ten million yen from the amount of security deposit.

Section 2 Business Operations

(Persons Closely Related to Financial Service Intermediary)

- Article 30 (1) The persons specified by Cabinet Order that are provided for in Article 27 of the Act are the following persons, other than a bank, financial instruments business operator (limited to one that engages in the securities, etc. management work (meaning the securities, etc. management work prescribed in Article 28, paragraph (5) of the Financial Instruments and Exchange Act)) or any other person specified by Cabinet Office Order:
- (i) a relative (limited to the spouse and a relative by blood or affinity within the third degree of kinship) of the financial service intermediary (limited to one who is an individual);
 - (ii) an officer (meaning the officer prescribed in Article 13, paragraph (1), item (ii) of the Act; if an officer is a corporation, this includes a person required to perform the duties of the corporation) or an employee of the financial service intermediary (limited to one that is a corporation; the same applies in the following item and item (iv));
 - (iii) the parent corporation, etc. or subsidiary corporation, etc. of the financial service intermediary;
 - (iv) an individual who holds voting rights exceeding 50 percent of the voting rights held by all shareholders, etc. (meaning voting rights of all shareholders, all members, all association members, all partners, or all equity investors; in the case of a stock company, excluding voting rights of shares which may not be exercised for all matters that are subject to a resolution of a general meeting of shareholders, and including voting rights of shares regarding which the shareholder is deemed to have voting rights pursuant to the provisions of Article 879, paragraph (3) of the Companies Act; the same applies in item (iv) of the following paragraph) of the financial service intermediary (referred to as a "specified individual shareholder" in that item) (excluding the person set forth in item (ii)); and

- (v) a person specified by Cabinet Office Order as a person equivalent to any of the persons set forth in the preceding items.
- (2) The term "parent corporation, etc." referred to in item (iii) of the preceding paragraph means any of the following persons (excluding the persons specified by Cabinet Office Order):
 - (i) the financial service intermediary's parent company, etc.;
 - (ii) a subsidiary company, etc. of the financial service intermediary's parent company, etc. (excluding the financial service intermediary and the persons set forth in the preceding item and item (i) of the following paragraph);
 - (iii) an affiliated company of the financial service intermediary's parent company, etc. (excluding the person set forth in item (ii) of the following paragraph); and
 - (iv) the following companies, partnerships, or any other business entity equivalent to them (including those equivalent to them in a foreign state, and excluding the financial service intermediary and the persons set forth in the preceding three items and the items of the following paragraph; hereinafter referred to as a "company, etc." in this item) related to the financial service intermediary's specified individual shareholder:
 - (a) a company, etc. (including a subsidiary company, etc. and affiliated company, etc. of the company, etc.) in which that specified individual shareholder holds voting rights that constitute over 50 percent of the voting rights held by all the shareholders, etc.; and
 - (b) a company, etc. in which that specified individual shareholder holds voting rights that constitute not less than 20 percent but not more than 50 percent of the voting rights held by all the shareholders, etc.
- (3) The term "subsidiary corporation, etc." referred to in paragraph (1), item (iii) means any of the following persons (excluding the persons specified by Cabinet Office Order):
 - (i) the financial service intermediary's subsidiary company, etc.; and
 - (ii) the financial service intermediary's affiliated company, etc.
- (4) The term "parent company, etc." as used in this Article means those specified by Cabinet Office Order as a company, etc. which has control over the organizations (meaning the shareholders meeting and any other equivalent organizations; hereinafter referred to as the "decision making organizations" in this paragraph) which are responsible for deciding the policies for finance, operations, and business of other companies, etc. (meaning a company, partnership, or any other business entity equivalent to them (including those equivalent to them in a foreign state); hereinafter the same applies in this paragraph and the following paragraph) and the term "subsidiary company, etc." as used in this Article means other companies, etc. whose decision making organizations are controlled by a parent company, etc. In this case, if the

parent company, etc. and subsidiary company, etc. or the subsidiary company, etc. has control over the decision making organizations of other companies, etc., the other companies, etc. are deemed to be the subsidiary companies, etc. of the parent company, etc.

- (5) The term "affiliated company, etc." referred to in paragraph (2), item (iii) and item (iv), (a), and paragraph (3), item (ii) means companies, etc. (including their subsidiary companies, etc.) specified by Cabinet Office Order as other companies, etc. (excluding subsidiary companies, etc.) that are capable of exerting a material influence through investment, assumption of office as a director or other equivalent position by a person that is or has been an officer (meaning the officer prescribed in Article 13, paragraph (1), item (ii) of the Act; the same applies in Article 39, paragraph (1), item (iii)) or an employee of that company, etc., financing, guarantee of obligations, provision of collateral, provision of technology, or transactions, etc. in operations and business.
- (6) The necessary matters for determining the holding of voting rights prescribed in paragraph (1), item (iv) and paragraph (2), item (iv) are specified by Cabinet Office Order in consideration of the manner in which the voting rights are held and other circumstances.

(Deemed Replacement of Terms of the Provisions of the Banking Act as Applied Mutatis Mutandis to Financial Service Intermediary Engaging in Deposits Intermediary Business Operations)

Article 31 The technical replacement of terms pursuant to the provisions of Article 29 of the Act is as given in the following table:

Provisions of the Banking Act Whose Terms Are Deemed to be Replaced	Terms Deemed to be Replaced	Replacement Terms
Article 52-45, item (iii)	person closely related to the bank agent as specified by Cabinet Office Order (referred to as "closely related party" in the following item)	person closely related to the bank agent as specified by Cabinet Office Order

Article 52-45, item (iv)	closely related party	specified related party of the counterparty financial institution (meaning a counterparty to a contract for the acceptance of deposit, etc., the lending of funds or the discounting of bills and notes, or funds transfer transactions that a customer concludes through deposit, etc. intermediary business as defined in Article 11, paragraph (2) (Definitions) of the Act on the Provision of Financial Services conducted by a financial service intermediary as defined in paragraph (6) of that Article) (meaning the specified related party prescribed in Article 13-2 or any other person in a unique relationship specified by Cabinet Office Order with the counterparty financial institution)
--------------------------	-----------------------	--

(Deemed Replacement of Terms of the Provisions of the Financial Instruments and Exchange Act as Applied Mutatis Mutandis to Financial Service Intermediary Engaging in Securities Intermediary Business Operations)

Article 32 The technical replacement of terms pursuant to the provisions of Article 31, paragraph (1) of the Act is as given in the following table:

Provisions of the Financial Instruments and Exchange Act Whose Terms Are Deemed to be Replaced	Terms Deemed to be Replaced	Replacement Terms
Article 66-14, item (i)	in connection with financial instruments intermediary services	in connection with financial instruments intermediary services (including the acts set forth in Article 11, paragraph (4), items (i) through (iii) of the Act on Provision of Financial Services; the same applies in this item and the following item)

(Provision of Matters Using Information and Communications Technology)

Article 33 (1) When seeking to provide the matters specified in the following items pursuant to the provisions set forth in each item, pursuant to the provisions of Cabinet Office Order, a financial service intermediary must indicate the type and content of the means prescribed in the provisions set forth in the respective items that they will use (hereinafter referred to as

"electronic or magnetic means" in this Article) to the person to whom they will provide the matters and obtain approval for this in writing or by electronic or magnetic means, in advance:

- (i) the provisions of Article 34-2, paragraph (4) of the Financial Instruments and Exchange Act as applied mutatis mutandis pursuant to Article 31, paragraph (2) of the Act (hereinafter referred to as the "Financial Instruments and Exchange Act applied mutatis mutandis" in this Article through Article 35) (including as applied mutatis mutandis pursuant to Article 34-3, paragraph (12) of the Financial Instruments and Exchange Act applied mutatis mutandis (including as applied mutatis mutandis pursuant to Article 34-4, paragraph (6) of the Financial Instruments and Exchange Act applied mutatis mutandis), and Article 34-4, paragraph (3), Article 37-3, paragraph (2), and Article 37-4, paragraph (2) of the Financial Instruments and Exchange Act as applied mutatis mutandis; hereinafter the same applies in this item): the matters prescribed in Article 34-2, paragraph (4) of the Financial Instruments and Exchange Act applied mutatis mutandis;
 - (ii) the provisions of Article 16-2, paragraph (4) of the Money Lending Business Act as applied mutatis mutandis pursuant to Article 32 of the Act (hereinafter referred to as the "Money Lending Business Act applied mutatis mutandis" in this Section): the matters prescribed in Article 16-2, paragraph (4);
 - (iii) the provisions of Article 16-3, paragraph (2) of the Money Lending Business Act applied mutatis mutandis: the matters prescribed in that paragraph;
 - (iv) the provisions of Article 17, paragraph (7) of the Money Lending Business Act applied mutatis mutandis: the matters prescribed in paragraphs (1) through (6) of that Article or the matters required to be stated in the documents specified by Cabinet Office Order referred to in paragraph (7) of that Article; and
 - (v) the provisions of Article 18, paragraph (4) of the Money Lending Business Act applied mutatis mutandis: the matters prescribed in paragraph (1) or (3) of that Article or the matters to be stated in the documents specified by Cabinet Office Order referred to in paragraph (4) of that Article.
- (2) If a financial service intermediary that has obtained approval 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 the matters by electronic or magnetic means, the financial service intermediary must not use electronic or magnetic means to provide the person with the matters specified in the items of the same paragraph; provided, however, that this does not apply if the person has once again given approval under the provisions of the preceding

paragraph.

(Obtaining Consent Using Information and Communications Technology)

Article 34 (1) When seeking to obtain consent by the means specified by Cabinet Office Order that are provided for in Article 34-2, paragraph (12) of the Financial Instruments and Exchange Act applied mutatis mutandis (hereinafter referred to as "electronic or magnetic means" in this Article), in lieu of consent in writing pursuant to the provisions of Article 34-2, paragraph (11) of the Financial Instruments and Exchange Act applied mutatis mutandis or Article 34-3, paragraph (2) of the Financial Instruments and Exchange Act applied mutatis mutandis (including as applied mutatis mutandis pursuant to Article 34-4, paragraph (6) of the Financial Instruments and Exchange Act applied mutatis mutandis following the deemed replacement of terms), pursuant to the provisions of Article 34-2, paragraph (12) of the Financial Instruments and Exchange Act applied mutatis mutandis (including as applied mutatis mutandis pursuant to Article 34-3, paragraph (3) of the Financial Instruments and Exchange Act as applied mutatis mutandis (including as applied mutatis mutandis pursuant to Article 34-4, paragraph (6) of the Financial Instruments and Exchange Act applied mutatis mutandis); hereinafter the same applies in this Article), pursuant to the provisions of Cabinet Office Order, a financial service intermediary must indicate to the person from whom they seek to obtain consent the type and content of the electronic or magnetic means that they will use, and obtain approval for this in written form or by electronic or magnetic means, in advance.

(2) If a financial service intermediary that has obtained approval 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 give consent by electronic or magnetic means, the financial service intermediary must not use electronic or magnetic means to obtain consent prescribed in Article 34-2, paragraph (12) of the Financial Instruments and Exchange Act applied mutatis mutandis from the person; provided, however, that this does not apply if the person has once again given approval under the provisions of the preceding paragraph.

(Important Matters That Impact Customers' Judgment)

Article 35 (1) What are specified by Cabinet Order that are provided for in Article 37, paragraph (1), item (iii) of the Financial Instruments and Exchange Act applied mutatis mutandis are the following matters:

(i) the matters concerning commission, reward or any other consideration payable by a customer with regard to a specified financial service contract (meaning the specified financial service contract prescribed in Article 31,

paragraph (2) of the Act; the same applies in the following item and item (i) of the following paragraph), which are specified by Cabinet Office Order; and (ii) the following matters, if the conclusion of a specified financial service contract by customers involves the risk of incurring a loss with fluctuations in the interest rate, the currency value, quotations on a financial instruments market (meaning the financial instruments market as defined in Article 2, paragraph (14) of the Financial Instruments and Exchange Act; the same applies in item (i) of the following paragraph), or any other indicators related to fluctuations considered to be their direct causes:

(a) the relevant indicator; and

(b) a statement to the effect that there is a risk of a loss to be incurred due to fluctuations related to the relevant indicator, and the reason therefor; and

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

(2) Notwithstanding the provisions of the preceding paragraph, if the acts prescribed in Article 37, paragraph (1) of the Financial Instruments and Exchange Act applied mutatis mutandis are to be carried out by means of broadcasting, using the broadcast equipment of a basic broadcaster (meaning a basic broadcaster as defined in Article 2, item (xxiii) of the Broadcasting Act (Act No. 132 of 1950) and excluding the Japan Broadcasting Corporation and the Open University of Japan (meaning the Open University of Japan prescribed in Article 3 of the Act on the Open University of Japan (Act No. 156 of 2002)), or any other means specified by Cabinet Office Order as being equivalent thereto, the matters specified by Cabinet Order as provided for in Article 37, paragraph (1), item (iii) of the Financial Instruments and Exchange Act applied mutatis mutandis are the following matters:

(i) if a specified financial service contract to be concluded by a customer involves the risk of incurring a loss with fluctuations in the interest rate, the currency value, quotations on a financial instruments market, or any other indicators related to fluctuations considered to be their direct causes, a statement to the effect that there is such risk; and

(ii) the matters specified by Cabinet Office Order as being equivalent to the matters set forth in the preceding items.

(Costs Not Deemed to Be Interest)

Article 36 The costs specified by Cabinet Order that are provided for in Article 12-8, paragraph (2) of the Money Lending Business Act applied mutatis mutandis are to be the following costs (including amounts equivalent to the amount of consumption tax and the amount of local consumption tax to be imposed on the amount of consumption tax as the tax base (referred to as the "amounts equivalent to consumption tax, etc." in the following Article)):

- (i) fees for the reissuance of a card issued to the obligor to be used for lending money and performing obligations;
- (ii) fees for the reissuance of documents delivered to the obligor in relation to lending of money pursuant to the provisions of the Money Lending Business Act, or fees for the repeat provision of the matters provided to the obligor by electronic or magnetic means as defined in Article 2, paragraph (12) of that Act in lieu of the delivery of those documents; and
- (iii) costs necessary for the account transfer procedure to be conducted again if the obligor fails to perform obligations by the due date for performance of obligation by the method of account transfer.

(Scope of Charges That Are Not Deemed to Be Interest for Using Mono-function Automated Teller Machine or Any Other Machine)

Article 37 The amount specified by Cabinet Order that is provided for in Article 12-8, paragraph (2), item (iii) of the Money Lending Business Act applied mutatis mutandis is the amount specified in the following items in accordance with the category of amounts set forth respectively in the items, which are received or paid using a mono-function automated teller machine or any other machine (including the amounts equivalent to consumption tax, etc.):

- (i) an amount not more than 10,000 yen: 110 yen; and
- (ii) an amount exceeding 10,000 yen: 220 yen.

(Deemed Replacement of Terms of the Provisions of the Money Lending Business Act as Applied Mutatis Mutandis to Financial Service Intermediary Engaging in Loan Intermediary Business Operations)

Article 38 The technical replacement of terms under the provisions of Article 32 of the Act is as given in the following table:

Provisions of the Money Lending Business Act Whose Terms Are Deemed to be Replaced	Terms Deemed to be Replaced	Replacement Terms
Article 12-8, paragraph (5)	when concluding a loan contract	when conducting intermediation for concluding a loan contract
	as a condition for	as a condition for conducting intermediation for

Article 12-8, paragraph (6)	person who provides guarantees on a regular basis (hereinafter referred to as the "guarantee business operator")	guarantee business operator (meaning a guarantee business operator prescribed in Article 35, paragraph (2) of the Act on Provision of Financial Services; the same applies in paragraphs (8) and (9))
Article 12-8, paragraph (8)	when concluding a loan contract	when conducting intermediation for concluding a loan contract
	as a condition for	as a condition for conducting intermediation for
Article 12-8, paragraph (9)	When concluding	When conducting intermediation for concluding
	must not conclude	must not conduct intermediation for concluding
Article 16-2, paragraph (4)	electronic or magnetic means	electronic or magnetic means (meaning the means of using an electronic data processing system or other means of using information and communications technology that are specified by Cabinet Office Order; the same applies in paragraph (2) of the following Article, Article 17, paragraph (7), and Article 18, paragraph (4))

Section 3 Certified Financial Service Intermediary Business Association

Article 39 (1) The application for certification under the provisions of Article 40 of the Act must be made by submitting a written application stating the following matters to the Commissioner of the Financial Services Agency:

- (i) the name;
- (ii) the locations of offices;
- (iii) the names of officers; and
- (iv) the trade names or the names of association members (meaning association members prescribed in Article 40, item (ii) of the Act; the same applies in Article 44, paragraph (2)).

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

Section 4 Designated Dispute Resolution Organization

(Designation under the Provisions of Other Laws in Connection with Services Equivalent to Dispute Resolution Services)

Article 40 The designations specified by Cabinet Order that is provided for in Article 51, paragraph (1), item (ii) and item (iv), (d), Article 55, and Article 72, paragraph (3) of the Act are the following designations:

- (i) the designation under the provisions of Article 156-39, paragraph (1) of the Financial Instruments and Exchange Act; and
- (ii) the designation set forth in the items of Article 42.

(Ratio of the Number of Financial Service Intermediaries that Have Raised Objections to the Total Number of Financial Service Intermediaries)

Article 41 The ratio specified by Cabinet Order that is provided for in Article 51, paragraph (1), item (viii) of the Act is one third.

(Exemptions to Restrictions on Use of Names for Designated Dispute Resolution Organizations)

Article 42 What is specified by Cabinet Order that is provided for in Article 66 of the Act is a person that has obtained any of the following designations:

- (i) the designation under the provisions of Article 35-2, paragraph (1) of the Mutual Loan Business Act (Act No. 42 of 1931);
- (ii) the designation under the provisions of Article 12-2, paragraph (1) of the Act on Engagement in Trust Business by Financial Institutions;
- (iii) the designation under the provisions of Article 92-6, paragraph (1) of the Agricultural Cooperatives Act;
- (iv) the designation under the provisions of Article 118, paragraph (1) of the Fisheries Cooperatives Act;
- (v) the designation under the provisions of Article 69-2, paragraph (1) of the Small and Medium-Sized Enterprise Cooperatives Act;
- (vi) the designation under the provisions of Article 85-12, paragraph (1) of the Shinkin Bank Act;
- (vii) the designation under the provisions of Article 16-8, paragraph (1) of the Long-Term Credit Bank Act;
- (viii) the designation under the provisions of Article 89-13, paragraph (1) of the Labor Bank Act;
- (ix) the designation under the provisions of Article 52-62, paragraph (1) of the Banking Act;
- (x) the designation under the provisions of Article 41-39, paragraph (1) of the Money Lending Business Act;
- (xi) the designation under the provisions of Article 308-2, paragraph (1) of the Insurance Business Act;
- (xii) the designation under the provisions of Article 95-6, paragraph (1) of the

- Norinchukin Bank Act;
- (xiii) the designation under the provisions of Article 85-2, paragraph (1) of the Trust Business Act; or
- (xiv) the designation under the provisions of Article 99, paragraph (1) of the Payment Services Act.

Section 5 Miscellaneous Provisions

(Registration Fees)

- Article 43 (1) The registration fee under the provisions of Article 79, paragraph (1) of the Act is the amount specified by Cabinet Office Order in consideration of actual costs, within three thousand yen for one sales representative (meaning a sales representative prescribed in Article 75, paragraph (1) of the Act; the same applies in Article 46, paragraph (4) and Article 47, paragraph (4)).
- (2) The registration fee referred to in the preceding paragraph must be paid by affixing revenue stamps in an amount equivalent to the registration fee prescribed in that paragraph to a written application for registration if it is paid to the State.

(Delegation of Authority of Inspection for Ensuring Fairness in Intermediation for Purchase and Sale of Securities to the Securities and Exchange Surveillance Commission)

- Article 44 (1) The provisions specified by Cabinet Order that are provided for in Article 82, paragraph (2), items (i) and (ii) of the Act are the provisions of the following Articles: Article 25 and Article 26 of the Act; Article 66-14 (excluding item (i) (a) and (b) and item (iii)) and Article 66-14-2 of the Financial Instruments and Exchange Act as applied mutatis mutandis pursuant to Article 31, paragraph (1) of the Act following the deemed replacement of terms; Article 37 and Article 37-3 (excluding paragraph (3)) of the Financial Instruments and Exchange Act as applied mutatis mutandis pursuant to Article 31, paragraph (2) of the Act following the deemed replacement of terms; Article 37-4 of the Financial Instruments and Exchange Act as applied mutatis mutandis pursuant to Article 31, paragraph (2) of the Act; Article 37-6 (excluding paragraph (1), paragraph (2), the proviso to paragraph (4), and paragraph (5)), Article 38 (excluding items (vii) and (viii)), Article 39, and Article 40 of the Financial Instruments and Exchange Act as applied mutatis mutandis pursuant to Article 31, paragraph (2) of the Act following the deemed replacement of terms (limited to those related to ensuring fairness in the acts set forth in Article 11, paragraph (4), items (i) through (iii) of the Act).
- (2) The business operations specified by Cabinet Order that are provided for in

Article 82, paragraph (2), item (iii) of the Act are business operations concerning the investigation prescribed in Article 41, item (iv) of the Act related to the recognition of whether an association member's act falls under any of the following acts, and the business operations concerning the measures prescribed in Article 46 of the Act that are provided in the articles of incorporation pursuant to the provisions of that Article concerning any of the following acts of an association member:

- (i) acts in violation of the provisions of the following Articles: Article 25 and Article 26 of the Act; Article 66-14 (excluding item (i), (a) and (b) and item (iii)) and Article 66-14-2 of the Financial Instruments and Exchange Act as applied mutatis mutandis pursuant to Article 31, paragraph (1) of the Act following the deemed replacement of terms; Article 37 and Article 37-3 (excluding paragraph (3)) of the Financial Instruments and Exchange Act as applied mutatis mutandis pursuant to Article 31, paragraph (2) of the Act following the deemed replacement of terms; Article 37-4 of the Financial Instruments and Exchange Act as applied mutatis mutandis pursuant to Article 31, paragraph (2) of the Act; Article 37-6 (excluding paragraph (1), paragraph (2), the proviso to paragraph (4), and paragraph (5)), Article 38 (excluding items (vii) and (viii)), Article 39, and Article 40 of the Financial Instruments and Exchange Act as applied mutatis mutandis pursuant to Article 31, paragraph (2) of the Act following the deemed replacement of terms (limited to those related to ensuring appropriateness of financial service intermediary business (limited to those related to securities, etc. intermediary business operations; the same applies in the following item and the following Article)); and
- (ii) acts in violation of or contrary to the articles of incorporation or other rules of a certified financial service intermediary business association, or the fair and equitable principles of transactions specified in the articles of incorporation or those other rules (limited to those related to ensuring appropriateness of financial service intermediary business).

(Delegation of Authority of Inspection Other Than Inspection for Ensuring Fairness in Intermediation for Purchase and Sale of Securities to the Securities and Exchange Surveillance Commission)

Article 45 Within the scope of authority delegated to the Commissioner of the Financial Services Agency pursuant to the provisions of Article 82, paragraph (1) of the Act and the authority of the Commissioner of the Financial Services Agency under this Cabinet Order (hereinafter the authority is referred to as the "Commissioner's authority" in this Section) (excluding the authority delegated to the Securities and Exchange Surveillance Commission (hereinafter referred to as the "Commission") pursuant to the provisions of

paragraph (2) of that Article), the authority under the provisions of Article 35, paragraphs (1) and (2) and Article 36, paragraphs (1) and (2) of the Act (limited to the authority related to ensuring the sound and appropriate management of financial service intermediary business) and the provisions of Article 48, paragraphs (1) and (2) and Article 49, paragraphs (1) and (2) of the Act (limited to the authority related to ensuring the appropriateness of financial service intermediary business) is delegated to the Commission; provided, however, that this does not preclude the Commissioner of the Financial Services Agency from personally exercising the authority to order the submission of reports or materials under these provisions and the authority for inspection if an urgent necessity is found for the public interest or protection of customers, etc. or if the authority is found to particularly contribute to the effective and efficient implementation of the inspection.

(Delegation of Authority Over Financial Service Intermediaries to the Director-General of Local Finance Bureaus)

Article 46 (1) Within the scope of the Commissioner's authority, the following authority delegated to the Director-General of a Local Finance Bureau who has jurisdiction over the location of the principal place of business or office (hereinafter referred to as the "principal place of business, etc." in this Section) of a registration applicant prescribed in Article 13, paragraph (1) of the Act or a financial service intermediary (for the authority set forth in item (viii), the location of the place of business or office where the problematic conduct related to the confirmation referred to in that item has taken place) (if the location is within the jurisdictional district of the Fukuoka Local Finance Branch Bureau, the authority is delegated to the Director-General of the Fukuoka Local Finance Branch Bureau; and if the registration applicant or financial service intermediary has no place of business or office in Japan, the authority is delegated to the Director-General of the Kanto Finance Bureau); provided, however, that this does not preclude the Commissioner of the Financial Services Agency from personally exercising the authority set forth in items (ix) and (x):

- (i) the refusal of registration under the provisions of Article 12 of the Act, Article 14, paragraph (1) of the Act (including as applied mutatis mutandis pursuant to Article 16, paragraph (2) of the Act following the deemed replacement of terms), and Article 16, paragraph (5) of the Act, and of the registration under the provisions of Article 15 of the Act (including as applied mutatis mutandis pursuant to Article 16, paragraph (2) of the Act following the deemed replacement of terms);
- (ii) the receipt of documents under the provisions of Article 13 and Article 34, paragraph (1) of the Act, and the receipt of notification under the provisions

- of Article 16, paragraph (3), Article 18, paragraph (3), and Article 22, paragraphs (3), (5), and (8) of the Act;
- (iii) the notice under the provisions of Article 14, paragraph (2) of the Act (including as applied mutatis mutandis pursuant to Article 16, paragraph (2) of the Act);
 - (iv) the public inspection of the register under the provisions of Article 14, paragraph (3) of the Act (including as applied mutatis mutandis pursuant to Article 16, paragraph (2) of the Act) and Article 18, paragraph (5) of the Act;
 - (v) the order of a deposit under the provisions of Article 22, paragraph (4) and Article 23, paragraph (2) of the Act;
 - (vi) the approval under the provisions of Article 22, paragraph (10) and Article 23, paragraph (1) of the Act and the provisions of Article 27, item (ii) and Article 29, paragraph (1), item (iv);
 - (vii) the designation under the provisions of Article 22, paragraph (11) of the Act;
 - (viii) the confirmation under the provisions of the proviso to Article 39, paragraph (3) of the Financial Instruments and Exchange Act as applied mutatis mutandis pursuant to Article 31, paragraph (2) of the Act following the deemed replacement of terms, and the receipt of documents under the provisions of Article 39, paragraph (7) of the Financial Instruments and Exchange Act as applied mutatis mutandis pursuant to Article 31, paragraph (2) of the Act;
 - (ix) the request for submission of reports and materials under the provisions of Article 35, paragraphs (1) and (2) of the Act (excluding the authority delegated to the Commission pursuant to the provisions of Article 82, paragraph (2), item (i) of the Act and the provisions of the preceding Article);
 - (x) the questioning and on-site inspection under the provisions of Article 36, paragraphs (1) and (2) of the Act (excluding the authority delegated to the Commission pursuant to the provisions of Article 82, paragraph (2), item (ii) of the Act and the provisions of the preceding Article);
 - (xi) the order under the provisions of Article 37 of the Act;
 - (xii) the disposition under the provisions of Article 38, paragraphs (1) through (3) of the Act;
 - (xiii) the public notice and rescission of registration under the provisions of Article 38, paragraph (4) of the Act;
 - (xiv) the deletion of registration under the provisions of Article 39 of the Act;
and
 - (xv) the receipt of a petition under the provisions of Article 28, paragraph (1), the public notice and the notice under the provisions of paragraph (2) of that Article, the investigation, public notice, notice, and grant of an opportunity to state opinions under the provisions of paragraph (4) of that Article, the

preparation, public notice, and notice of a distribution list under the provisions of paragraph (5) of that Article, the distribution under the provisions of paragraph (6) of that Article, and realization of securities under the provisions of paragraph (8) of that Article.

(2) The authority set forth in items (ix) and (x) of the preceding paragraph related to a place of business or office or any other facilities of a financial service intermediary other than their principal place of business, etc. (hereinafter referred to as the "secondary place of business, etc."), or related to a person conducting transactions with a financial service intermediary concerning financial service intermediary business operations, a person that is entrusted with business operations by a financial service intermediary (including a person that is entrusted by that person (including entrustment at two or more degrees of separation from the original entrustment); the same applies in the following paragraph, Article 48, paragraphs (2) and (6)), or a guarantee business operator (meaning a guarantee business operator prescribed in Article 35, paragraph (2) of the Act; the same applies in the following paragraph) may also be exercised by the Director-General of a Local Finance Bureaus who has jurisdiction over the location of the secondary place of business, etc. or the location of the person conducting transactions with a financial service intermediary concerning financial service intermediary business operations, the person that is entrusted with business operations by a financial service intermediary, or the guarantee business operator (if the person conducting transactions with the financial service intermediary concerning financial service intermediary business operations, the person that is entrusted with business operations by the financial service intermediary, or if the guarantee business operator is an individual, that individual's address or residence; the same applies in paragraph (4)) (if that location is within the jurisdictional district of the Fukuoka Local Finance Branch Bureau, by the Director-General of the Fukuoka Local Finance Branch Bureau; if that location is outside Japan, by the Director-General of the Kanto Finance Bureau), in addition to the Director-General of a Local Finance Bureau or the Director General of the Fukuoka Local Finance Branch Bureau prescribed in the preceding paragraph.

(3) When the Director-General of a Local Finance Bureau or the Director-General of the Fukuoka Local Finance Branch Bureau who has conducted inspection, etc. (meaning requesting the submission of reports or materials, or conducting questioning or on-site inspection; hereinafter the same applies in this Section) of a financial service intermediary's place of business, etc. subject to inspection (meaning the secondary place of business, etc. or a person conducting transactions with a financial service intermediary concerning financial service intermediary business operations, a person that is entrusted with business

operations by a financial service intermediary, or the guarantee business operator; hereinafter the same applies in this paragraph) pursuant to the provisions of the preceding paragraph finds the necessity to conduct inspection, etc. of the principal place of business, etc. or of a secondary place of business, etc. subject to inspection other than the aforementioned secondary place of business, etc. subject to inspection of the financial service intermediary, the Director-General may conduct inspection, etc. of the principal place of business, etc. or of a secondary place of business, etc. subject to inspection other than the aforementioned secondary place of business, etc. subject to inspection of the financial service intermediary.

- (4) Within the scope of the Commissioner's authority, the following authority (if the Prime Minister, pursuant to the provisions of Article 78, paragraph (1) or (2) of the Act, has a certified financial service intermediary business association, etc. (meaning the certified financial service intermediary business association, etc. prescribed in paragraph (1) of that Article) engage in the notification receipt work (meaning the notification receipt work prescribed in paragraph (1) of that Article) or the registration work (meaning the registration work prescribed in paragraph (1) of that Article), excluding the authority related to the notification receipt work or the registration work) is delegated to the Director-General of a Local Finance Bureau who has jurisdiction over the location of the principal place of business, etc. of a financial service intermediary making a notification under the provisions of Article 74 of the Act or a financial service intermediary to which a sales representative belongs (if that location is within the jurisdictional district of the Fukuoka Local Finance Branch Bureau, the authority is delegated to the Director-General of the Fukuoka Local Finance Branch Bureau; and if the financial service intermediary has no place or business or office in Japan, the authority is delegated to the Director-General of the Kanto Finance Bureau):
- (i) the receipt of a notification under the provisions of Article 74 of the Act;
 - (ii) the receipt of documents under the provisions of Article 64, paragraphs (3) and (4) of the Financial Instruments and Exchange Act as applied mutatis mutandis pursuant to Article 77 of the Act following the deemed replacement of terms;
 - (iii) the registration under the provisions of Article 64, paragraph (5) of the Financial Instruments and Exchange Act as applied mutatis mutandis pursuant to Article 77 of the Act following the deemed replacement of terms;
 - (iv) the notice under the provisions of Article 64, paragraph (6) of the Financial Instruments and Exchange Act as applied mutatis mutandis pursuant to Article 77 of the Act following the deemed replacement of terms;
 - (v) the refusal of registration under the provisions of Article 64-2, paragraph (1) of the Financial Instruments and Exchange Act as applied mutatis

- mutandis pursuant to Article 77 of the Act following the deemed replacement of terms;
- (vi) the receipt of a notification under the provisions of Article 64-4 of the Financial Instruments and Exchange Act as applied mutatis mutandis pursuant to Article 77 of the Act following the deemed replacement of terms;
 - (vii) the rescission of registration and order of suspension of duties under the provisions of Article 64-5, paragraph (1) of the Financial Instruments and Exchange Act as applied mutatis mutandis pursuant to Article 77 of the Act following the deemed replacement of terms; and
 - (viii) the deletion of registration under the provisions of Article 64-6 of the Financial Instruments and Exchange Act as applied mutatis mutandis pursuant to Article 77 of the Act following the deemed replacement of terms.
- (5) The provisions of the preceding paragraphs do not apply to the Commissioner's authority designated by the Commissioner of the Financial Services Agency within the scope of the Commissioner's authority set forth in the items of paragraph (1) and of the Commissioner's authority set forth in the items of the preceding paragraph.
- (6) If the Commissioner of the Financial Services Agency has made a designation under the provisions of the preceding paragraph, the Commissioner is to give a public notice to that effect. The same applies if the Commissioner has abolished or changed the designation.

(Delegation of Authority Over Certified Financial Service Intermediary

- Business Associations to the Director-General of Local Finance Bureaus)
- Article 47 (1) Within the scope of the Commissioner's authority, the authority under the provisions of Article 48, paragraphs (1) and (2) and Article 49, paragraphs (1) and (2) of the Act (excluding the authority delegated to the Commission pursuant to the provisions of Article 82, paragraph (2), items (iii) and (iv) of the Act and the provisions of Article 45) is delegated to the Director-General of a Local Finance Bureau who has jurisdiction over the location of the principal office of a certified financial service intermediary business association (if the location is within the jurisdictional district of the Fukuoka Local Finance Branch Bureau, the authority is delegated to the Director-General of the Fukuoka Local Finance Branch Bureau); provided, however, that this does not preclude the Commissioner of the Financial Services Agency from personally exercising that authority.
- (2) The authority prescribed in the preceding paragraph that is related to an office other than the principal office or any other facilities of a certified financial service intermediary business association, or related to a person that is entrusted with business operations by a certified financial service intermediary business association (including a person that is entrusted by that

person (including entrustment at two or more degrees of separation from the original entrustment); the same applies in paragraphs (2) and (7) of the following paragraph) (hereinafter referred to as the "secondary office, etc." in this paragraph and the following paragraph) may also be exercised by the Director-General of a Local Finance Bureaus who has jurisdiction over the location of the secondary office, etc. (if the person that is entrusted with business operations by the certified financial service intermediary business association is an individual, that individual's address or residence) (if that location is within the jurisdictional district of the Fukuoka Local Finance Branch Bureau, by the Director-General of the Fukuoka Local Finance Branch Bureau; if that location is outside Japan, by the Director-General of the Kanto Finance Bureau), in addition to the Director-General of a Local Finance Bureau and the Director General of the Fukuoka Local Finance Branch Bureau prescribed in the preceding paragraph.

- (3) When the Director-General of a Local Finance Bureau or the Director-General of the Fukuoka Local Finance Branch Bureau who has conducted inspection, etc. of the secondary office, etc. pursuant to the provisions of the preceding paragraph finds the necessity to conduct inspection, etc. of the principal office or of a secondary office, etc. other than the aforementioned secondary office, etc. of the certified financial service intermediary business association, the Director-General may conduct inspection, etc. of the principal business office or of a secondary office, etc. other than the aforementioned secondary office, etc.
- (4) Within the scope of the Commissioner's authority, the authority set forth in the following items is delegated to the Director-General of a Local Finance Bureau who has jurisdiction over the location prescribed in the respective items (if that location is within the jurisdictional district of the Fukuoka Local Finance Branch Bureau, the authority is delegated to the Director-General of the Fukuoka Local Finance Branch Bureau; and if the financial service intermediary has no place of business or office in Japan, the authority is delegated to the Director-General of the Kanto Finance Bureau):
 - (i) the receipt of a notification under the provisions of Article 78, paragraph (5) of the Act: the location of the principal place of business, etc. of a financial service intermediary making a notification under the provisions of Article 74 of the Act that is related to the relevant notification or a financial service intermediary to which a sales representative related to the relevant notification belongs; and
 - (ii) the order under the provisions of Article 78, paragraph (7) of the Act: the location of the principal place of business, etc. of a financial service intermediary to which a sales representative who falls under any of the items of Article 64-5, paragraph (1) of the Financial Instruments and Exchange Act as applied mutatis mutandis pursuant to Article 77 of the Act

following the deemed replacement of terms belongs.

(Delegation of Authority of the Commission Over Certified Financial Service Intermediary Business Associations to the Director-General of Local Finance Bureaus)

Article 48 (1) Within the scope of the Commissioner's authority, the following authority is delegated to the Director-General of a Local Finance Bureau who has jurisdiction over the location of the principal place of business, etc. of a financial service intermediary or the principal office of a certified financial service intermediary business association (if that location is within the jurisdictional district of the Fukuoka Local Finance Branch Bureau, the authority is delegated to the Director-General of the Fukuoka Local Finance Branch Bureau; and if the financial service intermediary has no place of business or office in Japan, the authority is delegated to the Director-General of the Kanto Finance Bureau); provided, however, that this does not preclude the Commission from personally exercising that authority:

(i) the authority set forth in the items of Article 82, paragraph (2) of the Act that is delegated to the Commission pursuant to the provisions of that paragraph; and

(ii) the authority under the provisions of Article 35, paragraphs (1) and (2) and Article 36, paragraphs (1) and (2) of the Act (limited to the authority related to ensuring the sound and appropriate management of financial service intermediary business) and the provisions of Article 48, paragraphs (1) and (2) and Article 49, paragraphs (1) and (2) of the Act (limited to the authority related to ensuring the appropriateness of financial service intermediary business), which is delegated to the Commission pursuant to the provisions of Article 45.

(2) The authority of the Commission prescribed in the items of the preceding paragraph that is related to a financial service intermediary's dependent place of business, etc. or an association's dependent office, etc. (hereinafter referred to as a "dependent place of business, etc." in this paragraph and the following paragraph) may also be exercised by the Director-General of a Local Finance Bureau who has jurisdiction over the location of the dependent place of business, etc. (if a person conducting transactions with the financial service intermediary concerning financial service intermediary business operations, a person that is entrusted with business operations by the financial service intermediary, or person that is entrusted with business operations by the certified financial service intermediary business association is an individual, that individual's address or residence) (if that location is within the jurisdictional district of the Fukuoka Local Finance Branch Bureau, by the Director-General of the Fukuoka Local Finance Branch Bureau; if that location

is outside Japan, by the Director-General of the Kanto Finance Bureau), in addition to the Director-General of a Local Finance Bureau and the Director General of the Fukuoka Local Finance Branch Bureau prescribed in the preceding paragraph.

- (3) When the Director-General of a Local Finance Bureau or the Director-General of the Fukuoka Local Finance Branch Bureau who has conducted inspection, etc. of the dependent place of business, etc. pursuant to the provisions of the preceding paragraph finds the necessity to conduct inspection, etc. of the principal place of business, etc. of the financial service intermediary or the principal office of the certified financial service intermediary business association, or a dependent place of business, etc. other than the aforementioned dependent place of business, etc., the Director-General may conduct inspection, etc. of the principal place of business, etc. of the financial service intermediary or principal office of the certified financial service intermediary business association, or a dependent place of business, etc. other than the aforementioned dependent place of business, etc.
- (4) The provisions of paragraph (1) do not apply to the authority of the Commission set forth in the items of that paragraph that is designated by the Commission. In this case, in applying the provisions of paragraph (2), the phrase "Director-General of a Local Finance Bureau and the Director General of the Fukuoka Local Finance Branch Bureau prescribed in the preceding paragraph" in paragraph (2) is deemed to be replaced with "the Commission."
- (5) If the Commission has made a designation under the provisions of the preceding paragraph, the Commission is to give a public notice to that effect. The same applies if the Commission has abolished or changed the designation.
- (6) The term "financial service intermediary's dependent place of business, etc." in paragraph (2) means a place of business or office or other facilities of a financial service intermediary other than their principal place of business, etc., a person conducting transactions with a financial service intermediary concerning financial service intermediary business operations, or a person that is entrusted with business operations by a financial service intermediary.
- (7) The term "association's dependent office, etc." in paragraph (2) means an office or other facilities of a certified financial service intermediary business association other than the principal office, or a person that is entrusted with business operations by the certified financial service intermediary business association.

Chapter IV Investigation into Criminal Cases

Article 49 What are specified by Cabinet Order that are provided for in Article 102 of the Act are the following crimes:

- (i) a crime referred to in Article 85, items (iv) through (vi) of the Act;
- (ii) a crime referred to in Article 87, item (iv) of the Act;
- (iii) a crime referred to in Article 88, item (iii) of the Act (limited to the part concerning Article 37-3, paragraph (1) of the Financial Instruments and Exchange Act as applied mutatis mutandis pursuant to Article 31, paragraph (2) of the Act or concerning Article 34-2, paragraph (4) of the Financial Instruments and Exchange Act that is applied mutatis mutandis pursuant to Article 37-3, paragraph (2) of that Act as applied mutatis mutandis pursuant to Article 31, paragraph (2) of the Act), item (iv) or item (v) of that paragraph (limited to the crimes related to the acts set forth in the items of Article 11, paragraph (4) of the Act); and
- (iv) a crime referred to in Article 91, item (iii) of the Act (limited to the part concerning Article 37-3, paragraph (2) of the Financial Instruments and Exchange Act as applied mutatis mutandis pursuant to Article 31, paragraph (2) of the Act) or item (iv) of that Article (limited to the part concerning Article 37-4, paragraph (1) of the Financial Instruments and Exchange Act that is applied mutatis mutandis pursuant to Article 31, paragraph (2) of the Act or concerning Article 34-2, paragraph (4) of the Financial Instruments and Exchange Act that is applied mutatis mutandis pursuant to Article 37-4, paragraph (2) of that Act as applied mutatis mutandis pursuant to Article 31, paragraph (2) of the Act) (limited to the crimes related to the acts set forth in the items of Article 11, paragraph (4) of the Act).