

Enforcement Regulation of the Agricultural and Fishery Cooperatives Savings Insurance Act

(Order of the Ministry of Finance and the Ministry of Agriculture and Forestry
No. 1 of July 16, 1973)

(Details of Custody Agreement)

Article 1 The custody agreement prescribed in Article 1 of the Enforcement Order of the Agricultural and Fishery cooperatives Savings Insurance Act (Cabinet Order No 201 of 1973. Hereinafter referred to as the "Order") must include the provisions that the purchaser of the Norinchukin Bank Bonds deposits the relevant Norinchukin Bank Bonds in the Norinchukin Bank at the same time as the purchase of the relevant Norinchukin Bank Bonds and the Norinchukin Bank Bonds are not to be withdrawn except for redemption, transfer, replacement of deposit or purchase.

(Particulars to be Stated in the Operational Method Statement)

Article 1-2 Particulars specified by order of the competent minister prescribed in Article 36, paragraph (3) of the Agricultural and Fishery Cooperatives Savings Insurance Act (Act No. 53 of 1973; hereinafter referred to as the "Act") are the following particulars:

- (i) particulars concerning insurance relationships;
- (ii) particulars concerning insurance proceeds and provisional payments;
- (iii) particulars concerning the exercise of claims acquired pursuant to the provisions of Article 60, paragraphs (1) or (3) of the Act or acquired by conducting the purchase referred to in Article 70, paragraph (1) of the Act;
- (iv) particulars concerning loans under the provisions of Article 69-3 of the Act;
- (v) particulars concerning financial assistance;
- (vi) particulars concerning the purchase of savings, etc. and other claims;
- (vii) particulars concerning investment in an agreed claims collection company under the provisions of Chapter V of the Act and other businesses under the provisions of the same Chapter;
- (viii) particulars concerning the duties of an administrator or an administrator's representative under the provisions of Article 86, paragraph (2) of the Act;
- (ix) particulars concerning subscription of preferred equity investment, etc. under the provisions of Chapter VII of the Act and other businesses under the provisions of the same Chapter;
- (x) particulars concerning special monitoring pursuant to the provisions of Chapter 7-2 of the Act and other businesses pursuant to the provisions of the

- same Chapter;
- (xi) particulars concerning the loan of funds under the provisions of Article 69-3 of the Act as applied mutatis mutandis pursuant to Article 111 or Article 112 of the Act, and the purchase of assets under the provisions of Article 112-2 of the Act;
 - (xii) particulars concerning the submission of the table of depositors under the provisions of Chapters 2 and 3 of the Act on Special Provisions for Rehabilitation Proceedings of Agricultural and Fishery Cooperatives (Act No. 95 of 2000) and other businesses under these provisions;
 - (xiii) particulars concerning entrustment of business; and
 - (xiv) other business methods prescribed in Article 34 of the Act

(Accounting Principles)

Article 2 The Agricultural and Fishery Co-operatives Savings Insurance Company (hereinafter referred to as the "SIC") must account for increases, decreases and changes in assets, as well as revenue and expenses, based on the facts of their occurrence, in order to clarify the financial position and business performance of the SIC.

(Establishment of Accounts)

Article 3 In accounting of the SIC, balance sheet accounts and profit-and-loss accounts are established separately for the general account (meaning the general account prescribed in Article 41 of the Act; the same applies hereinafter) and the crisis management account (meaning the crisis management account prescribed in Article 105, paragraph (1) of the Act; the same applies hereinafter), and, if necessary, accounts to clarify the process of calculation is established for accounting.

(Budget Details)

Article 4 The budget of the SIC is to consist of the general budget provisions and the income and expenditure budget.

(General Budget Provisions)

Article 5 The general budget provisions include comprehensive provisions on income and expenditure budgets, as well as provisions on the following particulars:

- (i) with respect to the act of bearing debt under the provisions of Article 9, the maximum amount of debt to be incurred by each particular, the years in which expenditures are to be made based on such act, and the reasons why such expenditures are necessary;
- (ii) designation of expenses under Article 10, paragraph (2); and

(iii) in addition to the particulars set forth in the preceding two items, particulars necessary for budget implementation.

(Income and Expenditure Budget)

Article 6 Income and expenditure budget is classified according to the nature of the incomes and the purpose of expenditures, separately for the general account and the crisis management account.

(Budget Attachments)

Article 7 If the SIC intends to obtain approval for its budget pursuant to the provisions of Article 39 of the Act, it must attach the following documents and submit them to the Minister of Agriculture, Forestry and Fisheries, the Minister of Finance and the Commissioner of the Financial Services Agency; provided, however, that if the Sic intends to obtain approval for the changes of budget pursuant to the provisions of the second sentence of the same Article, the documents referred to in item (i) are not required to be attached.

- (i) a projected balance sheet and projected profit and loss statement for the previous business year;
- (ii) a projected balance sheet and projected profit and loss statement for the current business year; and
- (iii) beyond what is set forth in the preceding two items, documents that serve as reference for the relevant budget.

(Reserve Fund)

Article 8 A reserve fund may be established in the income and expenditure budget to cover shortfalls in the expenditure budget due to unforeseeable reasons.

(Act to Bear Debts)

Article 9 The SIC, in addition to within the limits of the amount of the expenditure budget, when necessary for the performance of its business, may act to bear debts within the limits of the amount which is approved as the budget by the Minister of Agriculture, Forestry and Fisheries, the Minister of Finance, and the Commissioner of the Financial Services Agency in each business year.

(Budget Diversion)

Article 10 (1) The SIC must not use the expenditure budget for purposes other than those stipulated in the relevant budget; provided, however, that if it is appropriate and necessary for the implementation of the budget, it may be cross appropriated, notwithstanding the classification under the provisions of

Article 6.

- (2) With respect to the amount of expenses designated in the general budget provisions, the SIC may not cross-appropriate or use reserve funds between or among those expenses and other expenses without the approval of the Minister of Agriculture, Forestry and Fisheries, the Minister of Finance and the Commissioner of the Financial Services Agency.
- (3) If the SIC intends to obtain approval under the provisions of the preceding paragraph, it must submit documents clarifying the reason, the amount and the basis for estimation to the Minister of Agriculture, Forestry and Fisheries, the Minister of Finance and the Commissioner of the Financial Services Agency.

(Funding Plan)

Article 11 (1) The funding plan referred to in Article 39 of the Act must provide a plan concerning the following particulars:

- (i) method of procuring funds;
- (ii) use of funds; and
- (iii) other necessary particulars.

- (2) If the SIC intends to obtain approval for a change in the funding plan pursuant to the provisions of the second sentence of Article 39 of the Act, it must submit a written application stating the particulars to be changed and the reasons thereof to the Minister of Agriculture, Forestry and Fisheries, the Minister of Finance and the Commissioner of the Financial Services Agency.

(Reporting of Income and Expenditures)

Article 12 the SIC must report quarterly to the Minister of Agriculture, Forestry and Fisheries, the Minister of Finance, and the Commissioner of the Financial Services Agency within one month after the end of each quarter, the income and expenditure by means of a trial balance of totals, and the debts borne pursuant to the provisions of Article 9 by means of a report clarifying the amount of each particular.

(Business Reports)

Article 12-2 The business reports referred to in Article 40, paragraph (2) of the Act must describe the following particulars:

- (i) the outline of the SIC;
 - (a) the details of business;
 - (b) the location of the office (including secondary offices);
 - (c) the amount of stated capital and amount of government investment (including the respective increase or decrease from the end of the previous business year);
 - (d) the fixed number of officers, their names, positions, terms of office, and

- backgrounds;
- (e) the fixed number of staff members (including any increase or decrease from the end of the previous business year);
 - (f) the history of the SIC (including the fact that the SIC is established by law);
 - (g) the fact that the competent ministers are the Minister of Agriculture, Forestry and Fisheries, the Minister of Finance, and the Prime Minister; and
 - (h) particulars related to the management committee and other outline of the SIC.
- (ii) the status of implementation of the business for the current business year and until the previous business year;
 - (iii) the results of the implementation of the funding plan;
 - (iv) the borrowers, purpose of borrowing, and amount of borrowings for the current business year and until the previous business year;
 - (v) the name, purpose and amount of government subsidies and other similar items (hereinafter referred to as "government subsidies, etc.") received for the current business year and until the previous business year;
 - (vi) the purpose and amount of the capital contribution made by the SIC, an outline of the investee, and other particulars relating to the capital contribution; and
 - (vii) issues to be addressed by SIC.

(Statement of Accounts)

Article 13 (1) The statement of accounts referred to in Article 40, paragraph (2) of the Act is a statement of accounts for income and expenditure and a statement of debts.

(2) The statement of accounts referred to in the preceding paragraph must indicate the results of the implementation of the budget relating to the particulars prescribed in the general budget provisions pursuant to the provisions of Article 5.

(Statement of Accounts for Income and Expenditure)

Article 14 (1) The statement of accounts for income and expenditure referred to in paragraph (1) of the preceding Article must be prepared under the same classification as the budget for income and expenditure, and describe the following particulars:

- (i) income;
 - (a) amount of budgeted income;
 - (b) amount of determined income; and
 - (c) the difference between amount of budgeted income and amount of

determined income.

- (ii) expenditures:
 - (a) amount of budgeted expenditure;
 - (b) amount of contingency funds that has been used, and the reasons therefor;
 - (c) amount of diversion and the reasons therefor;
 - (d) amount of actual budget for expenditure;
 - (e) amount of determined expenditure, and
 - (f) amount of unused budget.
- (2) The statement of debts referred to in paragraph (1) of the preceding Article must indicate the amount of debts borne by each particular pursuant to the provisions of Article 9.

(Annexed Detailed Statement)

Article 14-2 The annexed detailed statement referred to in Article 40, paragraph

(3) of the Act must describe the following particulars:

- (i) particulars concerning capital contribution to the SIC;
 - (a) details of the equity investors and amounts of capital contributions (including increase and decrease in such amount by each person from the end of the previous business year);
 - (b) laws and regulations on which capital contributions are based; and
 - (c) classification of accounts of the national government for its capital contributions.
- (ii) particulars regarding the details of principal assets and liabilities:
 - (a) details of long-term borrowings (including names of lenders and increase and decrease in borrowings from each lender from the end of the previous business year);
 - (b) that the bonds may not be issued;
 - (c) details of allowance (including an increase and decrease in each type of allowance from the end of the previous fiscal year);
 - (d) details of the amount of capital contributions made by the SIC;
 - (e) details of cash and deposit, and accrued revenue and other principal assets and liabilities.
- (iii) details of acquisition and disposal of fixed assets and depreciation expenses; and
- (iv) particulars concerning principal expenses and revenue.
 - (a) details of the national government subsidies, etc. (including the names of the national government subsidies, etc. received in the business year concerned, classification of accounts of the national government, and explanation on the national government subsidies, etc. and their related items in the balance sheet and profit and loss statement)

- (b) details of salaries of officers and staff members; and
- (c) details of other expenses and revenue recognized as important based on the characteristics of the SIC's business.

(Period of Public Inspection)

Article 14-3 The period specified by order of the competent ministry as prescribed in Article 40, paragraph (3) of the Act is five years.

(Separate Accounting)

Article 14-4 Because the particulars to be arranged in the crisis management account are common to the particulars to be arranged in the general account, if it is difficult to separately arrange the part relating to the relevant crisis management account, the SIC may arrange the relevant particulars in a lump sum during the period of the business year in accordance with the criteria specified by the SIC with the approval of the Minister of Agriculture, Forestry and Fisheries, the Minister of Finance and the Commissioner of the Financial Services Agency.

(Amount of Actuarial Reserve)

Article 15 (1) The amount of actuarial reserve that the SIC must accumulate for each business year is the amount equivalent to that calculated by deducting the total amount of depreciation of claims acquired pursuant to the provisions of Article 60 of the Act, loss incurred due to financial assistance prescribed in Article 61, paragraph (1), Article 61-2, paragraph (1), Article 62, paragraph (1) or Article 62-2, paragraph (1) of the Act, administrative expenses, interest expenses and other expenses (excluding provision of actuarial reserve), and loss carried forward under the provisions of paragraph (4) (referred to as "depreciation of claims, etc." in the following paragraph) from the total amount of insurance premiums, interest revenue and other revenue (referred to as "insurance premiums, etc." in the following paragraph) of the current business year.

- (2) If the amount of insurance premiums, etc. (excluding reversal of actuarial reserve) for each business year is less than the amount of depreciation of claims, etc. for the relevant business year, the SIC reverses the actuarial reserve up to the less amount (hereinafter referred to as "loss amount" in this Article) to make up the relevant loss amount.
- (3) The actuarial reserve referred to in paragraph (1) must not be reduced except for cases where the amount of loss is covered pursuant to the provisions of the preceding paragraph.
- (4) If there is an amount of loss that cannot be covered pursuant to the provisions of paragraph (2), the SIC is to arrange the amount as a loss carried forward.

(Approval for Borrowings)

Article 16 (1) If the SIC intends to obtain approval for the borrowing funds from the Norinchukin Bank or other financial institutions (excluding the Bank of Japan) or from persons set forth in each item of Article 3 of the Order, pursuant to the provisions of Article 42, paragraph (1) or Article 110, paragraph (1) of the Act, it must submit a written application stating the name of borrower and following particulars to the Minister of Agriculture, Forestry and Fisheries, the Minister of Finance and the Commissioner of the Financial Services Agency:

- (i) the reason why borrowing is necessary;
- (ii) the amount of the borrowing;
- (iii) an interest rate on borrowing;
- (iv) the repayment method and due date of borrowing;
- (v) the payment method and due date of interest; and
- (vi) other necessary particulars.

(2) If the SIC intends to obtain approval for borrowing funds from the Bank of Japan pursuant to the provisions of Article 42, paragraph (2) or Article 110, paragraph (1) of the Act, it must submit a written application stating the particulars set forth in each item of the preceding paragraph to the Minister of Agriculture, Forestry and Fisheries, the Minister of Finance and the Commissioner of the Financial Services Agency.

(Methods of Managing Surplus Funds)

Article 17 The methods specified by order of the competent ministry as prescribed in Article 43, item (iii) of the Act is a money trust.

(Accounting Rules)

Article 18 (1) The SIC must establish accounting rules with regard to its finances and accounting.

(2) If the accounting rules referred to in the preceding paragraph are to be established, approval must be obtained from the Minister of Agriculture, Forestry and Fisheries, the Minister of Finance and the Commissioner of the Financial Services Agency. The same applies when they are to be changed.

(Documents to be Submitted When Paying Insurance Premiums)

Article 19 The document specified by order of the competent ministry prescribed by Article 50, paragraph (1) of the Act is the insurance premiums calculation statement in accordance with appended form No.1.

(Amount of Interest)

Article 20 (1) Those specified by the order of the competent ministry as prescribed in Article 10, paragraph (1), item (iv) of the Order are those managed by a money trust that has contracted to compensate the principal which include the relevant profit, until distribution of earnings under the relevant trust agreement prescribed in the same item, with respect to the profit arising from the management of trust property relating to the relevant trust contract, which are equivalent to the amount of the principal of the relevant money trust.

(2) The amount set forth in each item of Article 10, paragraph (1) of the Order prescribed in Article 10, paragraph (2) of the Order is the amount equivalent to that specified in each of the following items according to the categories set forth in each of the relevant items:

(i) among the interest prescribed in Article 10, paragraph (1), item (i) of the Order, those relating to ordinary deposits, saving deposits, deposits with reservation for contribution, savings of tax saving association, savings for tax payment reserve and separate savings: the amount of interest calculated based on the relevant savings contract, which corresponds to the period from the date of the most recent interest payment (in the case where no interest payment has been made, the date of deposit) to the date when the insured event occurred;

(ii) among the interest prescribed in Article 10, paragraph (1), item (i) of the Order, those relating to deposits other than those set forth in the preceding item: the amount of interest calculated at the interest rate that would be applicable to the savings contract based on the relevant savings contract in case where the relevant savings contract was held until maturity, calculated in proportion to the number of days from the date of deposit until the date of occurrence of the insured event;

(iii) compensation money for benefits prescribed in Article 10, paragraph (1), item (ii) of the Order: the portion of the relevant compensation money for benefits calculated based on the interest rate that would be applicable to an installment savings contract in the case where it were held until maturity, calculated in proportion to the number of days from the date of payment to the date of the insured event;

(iv) distribution of profit prescribed in Article 10, paragraph (1), item (iii) of the Order: the amount calculated in proportion to the number of days from the date of the relevant contract to the date of occurrence of the insured event, out of the relevant profit calculated based on the contract relating to the profit supplement prescribed in the same item;

(v) the amount prescribed in Article 10, paragraph (1), item (iv) of the Order: the amount corresponding to the amount of the principal prescribed in Article 56, paragraph (1) of the Act, out of the amount as of the date of

occurrence of the insured event of those prescribed in the preceding paragraph;

- (vi) interest prescribed in Article 10, paragraph (1), item (v) of the Order: the amount of interest calculated in accordance with the issuance requirements for the relevant Norinchukin Bank Bonds, calculated in proportion to the number of days from the day on which the interest is calculated to the day of occurrence of the insured event; and
- (vii) the amount prescribed in Article 10, paragraph (1), item (vi) of the Order: the amount prescribed in the same item, calculated in proportion to the number of days from the date of purchase of the relevant Norinchukin Bank bonds to the date of occurrence of the insured event.

(Information on Savings)

Article 21 (1) The particulars specified by order of the competent ministry as prescribed in Article 57-2, paragraph (2) of the Act (including cases where it is applied by deeming the claims in relation to specified settlement obligations (meaning specified settlement obligations prescribed in the same paragraph; hereinafter the same applies in this Article) to the claims in relation to covered savings for settlement (meaning covered savings for settlement prescribed in Article 56-2, paragraph (1) of the Act; hereinafter the same applies in Article 22-2, paragraph (1), item (ii)) pursuant to the provisions of Article 69-2, paragraph (1) of the Act) are those set forth in following each item in accordance with the classification of databases prescribed in the Article 57-2, paragraph (4) of the Act (including cases where it is applied by replacing the term pursuant to the provisions of Article 69-2, paragraph (1) of the Act)

- (i) customer files for name-based aggregation: the names, dates of birth or dates of establishment, customer numbers, telephone numbers, and other particulars of depositors, etc. (meaning depositors, etc. prescribed in Article 2, paragraph (3), of the Act; hereinafter the same applies in this Article and Article 22-2) that the SIC finds necessary for promptly identifying depositors, etc. using an electronic data processing system;
- (ii) customer files: the particulars concerning the names, domiciles or residences, or businesses or office addresses, postal codes and customer numbers, and other particulars that the SIC finds necessary for the smooth communication with depositors, etc., and particulars concerning the application of the provisions of the Income Tax Act (Act No. 33 of 1965) and other laws and regulations concerning income tax, etc., relating to the interest, etc. prescribed in Article 56, paragraph (1) of the Act with respect to depositors, etc.;
- (iii) savings files: the customer numbers, particulars related to the account (meaning account numbers, account opening date, etc.) of the savings, etc.

- (meaning savings, etc. prescribed in Article 2, paragraph (2) of the Act, hereinafter the same applies in this Article and Article 22-2), particulars concerning the content of claims relating to the savings, etc. (meaning the type, the amount of the principal, interest rate, deposit date, maturity date, etc. of savings, etc.), particulars concerning the establishment of a security interest over the claim relating to the savings, etc., particulars concerning the application of the provisions of the Income Tax Act and other laws and regulations concerning income tax, etc. regarding interest, etc. prescribed in Article 56, paragraph (1) of the Act relating to the savings, etc., and other particulars that the SIC finds necessary in order to ascertain the details of the claim relating to the savings, etc.;
- (iv) general and overdraft secured savings files: the type and account number of savings, etc., type and account number of secured savings, etc. (meaning claims relating to savings, etc. that are the subject of a security interest; the same applies in item (vi)) and other particulars that the SIC finds necessary to identify the account of savings, etc. in which the overdraft exists and to identify the account of savings, etc. that are the subject of a security interest for the relevant overdraft;
 - (v) debt files: the customer numbers, outstanding loan balances, amount of accrued interests, and other particulars that the SIC finds necessary to identify debtors subject to loans secured by savings, etc. (meaning loans in which claims on savings, etc. are the subject of a security interest) and calculate the amount of the relevant debtor's debt;
 - (vi) collateralized debt savings files: customer number, type and the account number of collateralized savings, etc., and any other particulars that the SIC finds necessary to identify the account of collateralized savings, etc. relating to the debt held by the debtor referred to in the preceding item;
 - (vii) specified settlement obligations files: the amount of claims relating to specified settlement obligations and other particulars that the SIC finds necessary for ascertaining the details of claims relating to specified settlement obligations; and
 - (viii) beyond what is set forth in the preceding items, files that are separately specified by the SIC as being necessary for promptly ascertaining the amount of claims relating to savings, etc. and claims relating to the specified settlement obligations: particulars that the SIC finds necessary for the purpose of the file, etc.
- (2) With regard to the application of the provisions of the preceding paragraph concerning savings, etc., in which the individual number (meaning the individual number prescribed in Article 2, paragraph (5) of the Act on the Use of Numbers to Identify a Specific Individual in Administrative Procedures (Act No. 27 of 2013)) or corporation number (meaning the corporate number

prescribed in Article 2, paragraph (15) of the Act on the Use of Numbers to Identify a Specific Individual in Administrative Procedures) is recorded by an agricultural or fishery cooperative referred to in Article 57-2, paragraph (2) of the Act, the term "customer number" in item (i) of the same paragraph is replaced with "customer number, individual number (meaning an individual number prescribed in Article 2, paragraph (5) of the Act on the Use of Numbers to Identify Specific Individual in Administrative Procedures (Act No. 27 of 2013)) or corporation number (meaning a corporation number prescribed in Article 2, paragraph (15) of the Act on the Use of Numbers to Identify a Specific Individual in Administrative Procedures; the same applies in the following item)", and the term "to depositors, etc." is replaced with "to a corporation number and other depositors, etc."

(How to Submit Information on Savings)

Article 22 An agricultural or fishery cooperative that has been requested to submit materials pursuant to the provisions of Article 57-2, paragraph (2) of the Act must submit the database recording the particulars as provided for in each item of paragraph (1) of the preceding Article (including cases where it is applied by replacing the terms pursuant to the provisions of paragraph (2) of the same Article) in accordance with the form indicated by the SIC, in the form of magnetic tapes designated by the SIC (including items that can reliably record certain particulars by a method equivalent to this) or using an electronic data processing system.

(Measures for Payment of Insurance Proceeds on Savings)

Article 22-2 (1) The measures specified by order of the competent ministry as prescribed in Article 60-3, paragraph (1) of the Act are the following measures:

- (i) measures to enable agricultural or fishery cooperatives, after receiving data on claims covered savings, etc. from the SIC, to promptly process the relevant data using an electronic data processing system that handles the refunding of covered savings, etc. (meaning an electronic data processing system that connects a computer of an agricultural or fishery cooperative to an automated cash dispenser or an automated teller machine of the relevant agricultural or fishery cooperative, another agricultural or fishery cooperative or other financial institutions by a telecommunications line; the same applies in paragraph (3)), in order to facilitate the smooth and effective payment or refund of insurance proceeds on covered savings, etc. (meaning the covered savings, etc. prescribed in Article 56-3, paragraph (1), item (i) of the Act; the same applies in item (4));
- (ii) measures to enable the refund of covered savings for settlement without using the data referred to in the preceding item;

- (iii) measures to enable the data relating to changes in savings, etc. after the occurrence of an insured event promptly submitted in accordance with the form indicated by the SIC in the form of magnetic tapes designated by the SIC, or using magnetic tapes designated by the SIC, or using an electronic data processing system; and
 - (iv) measures to facilitate offsetting of claims against covered savings, etc. of depositors, etc., purchase of claims on savings, etc., and other necessary operations.
- (2) The data referred to in item (i) of the preceding paragraph is the data that is prepared by the SIC based on the materials submitted by an agricultural or fishery cooperative pursuant to the provisions of Article 57-2, paragraph (2) of the Act, which include the data necessary to ascertain the amount to be paid as insurance proceeds calculated in accordance with insurance claim calculation provisions with regard to savings accounts of depositors, etc. (meaning the insurance claims calculation provisions prescribed in Article 2, paragraph (9) of the Act, and including the case where it is applied by replacing the term pursuant to the provisions of Article 56-3, paragraph (4) of the Act).
- (3) With respect to the application of the provisions of paragraph (1), item (i) in the case where an agricultural or fishery cooperative does not make refunds of savings, etc., using an electronic data processing system, the term "agricultural or fishery cooperatives that handles the refunding of covered savings, etc." (meaning an electronic data processing system that connects a computer of an agricultural or fishery cooperative to an automated cash dispenser or an automated teller machine of the relevant agricultural or fishery cooperative, another agricultural or fishery cooperative or other financial institutions by a telecommunications line; the same applies in paragraph (3) is replaced with "computer or other similar device".

(Measures to Restructure Credit Business)

Article 23 The measures specified by order of the competent ministry referred to in Article 62, paragraph (1) of the Act are measures to improve the system for business execution and the implementation of a reconstruction plan that mainly includes the funding of fixed claims and compensation for losses.

(Application for Certification of Eligibility)

Article 24 (1) If an agricultural or fishery cooperative intends to obtain an authorization for merger, etc. prescribed in Article 61, paragraph (2) of the Act pursuant to the provisions of Article 63, paragraph (1) of the Act, it must submit a written application for certification together with the following documents to the prefectural governor (if an agricultural or fishery cooperative that survives after a merger or is established as a result of a merger, an

agricultural or fishery cooperative that takes over all or part of the credit business or an agricultural or fishery cooperative that receives a transfer of insured savings is under the supervision of the Minister of Agriculture, Forestry and Fisheries and Prime Minister, to the Minister of Agriculture, Forestry and Fisheries and Commissioner of the Financial Services Agency):

- (i) statement of reasons;
 - (ii) latest balance sheet (including related notes; the same applies hereinafter), profit and loss statement (including related notes; the same applies hereinafter), a document stating how to dispose of surplus or a document stating how to dispose of loss, and the most recent daily cash count sheet; and
 - (iii) other documents stating particulars that should serve as reference to grant the certification prescribed in Article 63, paragraph (1) of the Act.
- (2) If an agricultural or fishery cooperative in financial difficulties (meaning an agricultural or fishery cooperative in financial difficulties prescribed in Article 2, paragraph (5) of the Act; hereinafter the same applies in this paragraph) and a federation of agricultural or fishery cooperatives, etc. (meaning a federation of agricultural or fishery cooperatives, etc. prescribed in Article 62, paragraph (1) of the Act) intends to obtain certification for measures to restructure the credit business prescribed in Article 62, paragraph (1) of the Act pursuant to the provisions of Article 63, paragraph (2) of the Act, it must submit a written application for certification together with the following documents to the prefectural governor (if the relevant agricultural or fishery cooperative in financial difficulties is under the supervision of the Minister of Agriculture, Forestry and Fisheries and the Prime Minister, to the Minister of Agriculture, Forestry and Fisheries and the Commissioner of the Financial Services Agency).
- (i) statement of reasons;
 - (ii) the latest balance sheet, profit and loss statement, and a document stating how to dispose of surplus or a document stating how to dispose of loss, and the most recent daily cash count sheet for the relevant agricultural or fishery cooperative in financial difficulties; and
 - (iii) other documents stating particulars that should serve as reference to grant the certification prescribed in Article 63, paragraph (2) of the Act.

(Documents to be Attached to the Application for Approval of Continuation of Business)

Article 25 Documents specified by order of the competent ministry as prescribed in Article 23, paragraph (1), item (iv) of the Order are the documents that provide information on the status of transactions relating to the business concerning contracts prescribed in Article 68, paragraph (1) of the Act and

other documents stating particulars deemed necessary by the Minister of Agriculture, Forestry and Fisheries and the Commissioner of the Financial Services Agency.

(Obligations Borne by Agricultural or Fishery Cooperatives)

Article 25-2 Obligations specified by order of the competent ministry as prescribed in paragraph (1) of Article 69-2 of the Act are the following:

- (i) those arising from transactions other than those conducted in the course of business by an agricultural or fishery cooperative;
- (ii) obligations based on transactions other than those conducted in the course of business by a person set forth in each item of Article 23-3 of the Order, which arise from the entrustment of the relevant person; and
- (iii) those arising from transactions set forth in Article 23-2, item (iii) of the Order.

(Grounds and the Amount of Profit Related to Purchased Assets)

Article 26 The grounds specified by order of the competent ministry as prescribed in Article 32, paragraph (1), item (i) of the Order are the grounds set forth in the following items, and the amount specified by order of the competent ministry prescribed in item (i) of the same paragraph is the amount specified in each of the relevant items according to the relevant grounds:

- (i) the amount of payment received for monetary claims (hereinafter referred to as "purchased monetary claims") that are purchased assets (meaning purchased assets prescribed in Article 32, paragraph (1), item (i) of the Order; the same applies hereinafter) (if the relevant payment is a substitute performance, meaning the amount obtained from the disposal of the assets transferred by payment in the relevant substitute performance; and if land or building (hereinafter referred to as "land or building" in this item and next item) are acquired through the relevant substitute performance and the relevant acquired land or building is transferred, and if the amounts paid by an agreed claims collection company for the relevant land and building include the amount corresponding to the amount of the portion that increases in the value of the relevant land or building (hereinafter referred to as the "amount of capital expenditure" in this item and next item) in the case where the relevant land or building is to be under normal management or repairs at the time of the acquisition of the relevant land or building with the relevant expenditure, meaning the balance after deducting the amount of the relevant capital expenditure; hereinafter the same applies in the following Article and Article 28, item (i)) exceeded the acquisition value of the relevant purchased monetary claims: the amount equivalent to the difference between the relevant received money and acquisition value of the relevant purchased

monetary claims

- (ii) the amount of money (if the amounts paid by an agreed claims collection company for the relevant land and building include an amount of capital expenditure, the remaining amount after deducting the amount of the relevant capital expenditure; the same applies hereinafter in this item and Article 28, item (iii)) received as consideration of the transfer of land or building that is a purchased asset (hereinafter referred to as "purchased land, etc." in this Article and Article 28, item (iii)) exceeded the acquisition value of purchased land or building: the amount equivalent to the difference between the relevant received money and acquisition value of the relevant purchased land, etc.
- (iii) the amount of money received as consideration for the transfer of the purchased assets other than the purchased land or building exceeded the acquisition value of the purchased assets other than the relevant purchased land or building: the amount equivalent to the difference between the relevant received money and the relevant acquisition value of the purchased assets other than the purchased land or building.
- (iv) the amount of money received as redemption money, refund or distribution of residual assets of securities (meaning securities prescribed in Article 2, paragraph (1) of the Financial Instruments and Exchange Act (Act No. 25 of 1948)), beneficial interests in money trusts, and those prescribed in Article 9, paragraph (1), items (i) through (iii) and paragraph (2) of the same Article of the Enforcement Order of Consumption Tax Act (Cabinet Order No. 360 of 1988) that are purchased assets (hereinafter referred to as "purchased securities, etc." in this item and Article 28, paragraph (5)) exceeded the acquisition value of the purchased securities, etc.: the amount equivalent to the difference between the relevant received money and the relevant acquisition value of purchased securities, etc.
- (v) reversal of allowance for doubtful accounts related to purchased monetary claims: the amount equivalent to the amount of the relevant reversed allowance for doubtful accounts.

(Grounds and Amount of the Decrease in Loss on Purchased Assets)

Article 27 Grounds specified by order of the competent ministry as prescribed in Article 32, paragraph (1), item (ii) of the Order are grounds that a purchased monetary claim for which a loss has occurred due to falling under any grounds set forth in item (i) or (ii) of the following Article has been repaid in the business year following the business year in which the relevant loss occurred or thereafter, and the amount specified by order of the competent ministry prescribed in item (ii) of the same paragraph is the amount equivalent to the relevant repayment.

(Grounds and Amount of Loss related to Purchased Assets)

Article 28 The grounds specified by order of the competent ministry as prescribed in Article 32, paragraph (1), item (iii) of the Order are the grounds set forth in the following items, and the amount specified by order of the competent ministry as prescribed in item (iii) of the same paragraph is the amount specified in each of the relevant items according to the relevant grounds:

- (i) the amount of money received as payment for purchased monetary claims is less than the acquisition value of the relevant purchased monetary claims (limited to cases where it is clear that the debtor is unable to receive any payment other than the relevant payment in light of the financial situation or the debtor's ability to pay, etc. relating to the relevant purchased monetary claim or where all of the obligations relating to the relevant purchased monetary claim have been performed): the amount equivalent to the difference between the acquisition value of the relevant purchased monetary claims and the amount of the relevant money received as payment;
- (ii) it has become clear that the debtor relating to purchased monetary claim is unable to receive payment for the full amount of the relevant purchased monetary claim in light of the financial situation or the ability to pay, etc. relating to the relevant purchased monetary claims; the amount equivalent to the acquisition value of the relevant purchased monetary claims;
- (iii) the amount of money received as consideration of the transfer of purchased land or building is less than the acquisition value of the purchased land or building: the amount equivalent to the difference between the acquisition value of the relevant purchased land, etc. and the relevant received money;
- (iv) the amount of money received as consideration for the transfer of the purchased assets other than the purchased land or building is less than the acquisition value of the purchased assets other than the relevant purchased land, etc.: the amount equivalent to the difference between the relevant purchased assets other than the purchased land or building and the relevant received money;
- (v) the amount of money that is received as redemption money, refund or distribution from residual assets of purchased securities, etc. is less than the acquisition value of the relevant purchased securities, etc.: the amount equivalent to the difference between the acquisition value of the relevant purchased securities, etc. and the relevant received amount; and
- (vi) transferring the allowance for doubtful accounts related to purchased monetary claims: the amount equivalent to the amount of the allowance for doubtful accounts to the relevant transfer.

(Application for Agricultural or Fishery Cooperatives)

Article 29 If an agricultural or fishery cooperative intends to make a notification pursuant to the provisions of Article 83, paragraphs (2) and (5) of the Act, it must submit a written notification together with the following documents to the prefectural governor (if the relevant agricultural or fishery cooperative is under the supervision of the Minister of Agriculture, Forestry and Fisheries and the Prime Minister, to the Minister of Agriculture, Forestry and Fisheries and the Commissioner of the Financial Services Agency):

- (i) a statement of reasons;
- (ii) the latest balance sheet, profit and loss statement, a document stating how to dispose of surplus or a document stating how to dispose of loss, and the most recent daily cash count sheet;
- (iii) documents stating the evaluation value of securities and other assets that can be market valued by the relevant agricultural or fishery cooperative immediately before the date of the relevant notification, as well as the appraised profit or loss; and
- (iv) other documents stating particulars that should serve as reference.

(Designation of a Person to Perform the Duties of the Administrator)

Article 30 In the event that a disposition ordering to manage prescribed in Article 83, paragraph (1) of the Act is made and the person appointed as an administrator is a corporation, the relevant corporation must designate a person among its officers and staff members who is to perform the duties of the administrator and notify to that effect to the prefectural governor (if the agricultural or fishery cooperative related to a disposition is under the supervision of the Minister of Agriculture, Forestry and Fisheries and the Prime Minister, to the Minister of Agriculture, Forestry and Fisheries and the Commissioner of the Financial Services Agency) and the agricultural or fishery cooperative subject to the relevant disposition ordering to manage.

(Particulars to be Reported Relating to the Determination of Contributions or Specific Contributions)

Article 31 The particulars specified by order of the competent ministry as prescribed in Article 35, item (v) of the Order are the following particulars:

- (i) the amount subsidized by the government pursuant to the provisions of Article 109, paragraph (1) of the Act; and
- (ii) the amount paid to the national treasury pursuant to the provisions of Article 109, paragraph (2) of the Act.

(Documents to be Submitted at the Time of the Contribution Payment)

Article 32 The document specified by order of the competent ministry as

prescribed in Article 107, paragraph (1) of the Act is a statement of contributions according to Appended Form 2.

(Liabilities Excluded from the Calculation of the Amount of Contributions)

Article 33 Those specified by order of the competent ministry as prescribed in Article 107, paragraph (2) of the Act are the followings:

- (i) allowance (limited to non-debt liability allowance) recorded under the provisions of Article 107, paragraph (2), item (i) of the Enforcement Regulation of the Norinchukin Bank Act (Order of the Cabinet Office, Ministry of Agriculture, Forestry and Fisheries No. 16 of 2001), Article 191, paragraph (2) of the Enforcement Regulation of the Agricultural Cooperatives Act (Order of the Ministry of Agriculture, Forestry and Fisheries No. 27 of 2005) and Article 194, paragraph (2) of the Enforcement Regulation of the Fishery Cooperatives Act (Order of the Ministry of Agriculture, Forestry and Fisheries No. 10 of 2008);
- (ii) financial instruments transaction liability reserves (meaning the financial instruments transaction liability reserves referred to in Article 48-3, paragraph (1) of the Financial Instruments and Exchange Act);
- (iii) deferred tax liabilities (meaning deferred tax liabilities stated in balance sheet referred to in Appended Form No. 8 or Appended Form No. 9 prescribed in Article 111, paragraph (1) of the Enforcement Regulation of the Norinchukin Bank Act, Appended Form No. 6 (i), or Appended Form No. 7 (i) prescribed in Article 202, paragraph (3) of the Enforcement Regulation of the Agricultural Cooperatives Act or Appended Form No. 2 (i) or Appended Form No. 4 (i) prescribed in Article 121 of the Enforcement Regulation of the Fishery Cooperatives Act (referred to as "each balance sheet" in the following item)); and
- (iv) deferred tax liabilities on revaluation (meaning deferred tax liabilities on revaluation stated in each balance sheet).

(Profit as Reported in Profit and Loss Statement for the Crisis Management Account)

Article 34 The amount calculated as specified by order of the competent ministry prescribed in Article 109, paragraph (2) of the Act is the amount of profit for the current period stated in the profit and loss statement of the crisis management account based on the accounting rules prescribed in Article 18, paragraph (1).

(Documents Submitted by the SIC)

Article 35 The documents specified by order of the competent ministry as prescribed in Article 36, paragraph (2) of the Order are the documents that

clarify the basis for the calculation of the amount to be paid by the SIC to the national treasury pursuant to the provisions of Article 109, paragraph (2) of the Act.

(Exercise of Rights Subject to a Request for the Suspension of Collection of Claims)

Article 36 Exercise of rights as a creditor specified by order of the competent ministry as prescribed in Article 110-8 of the Act is all or part of any judicial or extrajudicial action taken against the Norinchukin Bank as a creditor of the Norinchukin Bank relating to the designation of special monitoring.

(Documents to be Submitted at the Time of a Specified Contributions Payment)

Article 37 The document specified by order of the competent ministry as prescribed in Article 110-17, paragraph (1) of the Act is a statement of specified contributions according to Appended Form 3.

(Liabilities Excluded from the Calculation of the Amount of Specific Contributions)

Article 38 Those specified by order of the competent ministry as prescribed in Article 110-17, paragraph (2) of the Act are those set forth in each item of Article 33.

(Creditors that are not Required to Make a Separate Notice of Objection in the Case of a Transfer of Credit Business)

Article 39 The creditors prescribed in Article 42 of the Order and specified by order of the competent ministry are creditors relating to a mutual aid contract and creditors relating to a custody agreement.

(Transactions Associated with Financial Systems)

Article 40 The transactions specified by order of the competent ministry as prescribed in Article 118-3, paragraph (1) of the Act are transactions relating to commodities for which there is a market price on an exchange or other market price or transactions equivalent thereto that are relating to a contract in which an agricultural or fishery cooperative is one of the parties.

(Specified Cancellation)

Article 41 Those specified by order of the competent ministry as prescribed in Article 118-3, paragraph (2) of the Act are, in the event that related measures, etc. (meaning related measures, etc. prescribed in paragraph (1) of the same Article) are taken to the Norinchukin Bank conducting the transactions relating to the contract, regardless of the intention of both parties conducting

the relevant transactions, at the time when the relevant related measures, etc., are taken, the following that arise with respect to transactions relating to the relevant contract:

- (i) the net aggregate of the assessed value of each of the relevant transactions at the time when the relevant related measures, etc. have been taken is one claim or one obligation between the parties; and
- (ii) the obligations between the parties concerned are extinguished with respect to their counterparts.

(Agricultural or Fishery Cooperatives that are Experiencing Difficulties in Ensuring Sound Management)

Article 42 Those specified by order of the competent ministry as prescribed in Article 118-5 of the Act are the followings that the SIC finds necessary to provide guidance and advice referred to in the same Article:

- (i) a cooperative that has received an order to do so when deemed necessary due to the state of capital adequacy of the cooperative or the cooperative and its subsidiary companies, etc. referred to in Article 94-2, paragraph (3) of the Agricultural Cooperatives Act (Act No. 132 of 1947)
- (ii) a cooperative that has received an order to do so when deemed necessary due to the state of capital adequacy of the cooperative or the cooperative and its subsidiary companies, etc. referred to in Article 123-2, paragraph (3) of the Fishery Cooperatives Act (Act No. 242 of 1948)
- (iii) the Norinchukin Bank that has received an order to do so when deemed necessary due to the state of capital adequacy of the Norinchukin Bank or the Norinchukin Bank and its subsidiary companies, etc. referred to in Article 85, paragraph (2) of the Norinchukin Bank Act (Act No. 93 of 2001).

Supplementary Provisions [Extract]

(Effective Date)

Article 1 (1) This Ministerial Order comes into effect as of the date of promulgation.

PAGE 31