

# Banking Act

(Act No. 59 of June 1, 1981)

The Banking Act (Act No. 21 of 1927) is hereby fully amended.

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## **Chapter I General Provisions**

### (Purpose)

Article 1 (1) The purpose of this Act is to preserve the credibility of a bank's services in view of their public nature; to achieve the sound and appropriate management of a bank's services in order to ensure protection for depositors and facilitate the smooth functioning of financial services; and to thereby contribute to the sound development of the national economy.

(2) In implementing this Act, due consideration must be given to respect the bank's voluntary efforts to manage its own services.

### (Definitions)

Article 2 (1) The term "bank" as used in this Act means a person engaging in banking by obtaining a license referred to in Article 4, paragraph (1) granted by the Prime Minister.

(2) The term "banking" as used in this Act means the business of performing any of the following actions:

- (i) acceptance of deposits or installment savings, as well as the lending of funds or the discounting of bills and notes; or
- (ii) dealing in funds transfer transactions.

- (3) The term "installment savings" as used in this Act means money that is accepted on multiple occasions at regular intervals or within a fixed period of time, with the promise that a fixed amount of money will be paid on a designated date.
- (4) The term "installment savings, etc." as used in this Act means, in addition to installment savings, money paid in in installments, and accepted within a fixed period of time, with the promise that a fixed amount of money will be paid at or before the end of that period.
- (5) The term "depositor, etc." as used in this Act means a depositor or a person that puts money into installment savings (including a person that pays in money in installments as prescribed in the preceding paragraph).
- (6) The term "total shareholder or investor voting rights" as used in this Act means voting rights of all shareholders or voting rights of all equity investors (for a stock company, excluding voting rights in respect of shares that the holder may not exercise voting rights with regard to all of the matters that can be resolved at a shareholders meeting, but including voting rights in respect of shares whose holders are deemed to have voting rights pursuant to the provisions of Article 879, paragraph (3) (Jurisdiction over a Special Liquidation Case) of the Companies Act (Act No. 86 of 2005); the same applies hereinafter).
- (7) The term "shares or equity" as used in this Act means shares or equity interest.
- (8) The term "subsidiary company" as used in this Act means the second company for which the first company holds voting rights accounting for over fifty percent of the total shareholder or investor voting rights. In such a case, the second company for which the first company and one or more of its subsidiary companies hold voting rights accounting for over fifty percent of the total shareholder or investor voting rights, or for which one or more of the first company's subsidiary companies hold voting rights accounting for over fifty percent of the total shareholder or investor voting rights, is deemed to be the subsidiary company of the first company.
- (9) The term "major shareholder threshold" as used in this Act means twenty percent (or fifteen percent, if a person satisfying the requirement specified by Cabinet Office Order as one with regard to which a fact exists that is presumed to have a material influence on decisions about the company's financial and business policies, holds the voting rights in the company) of the total shareholder voting rights.
- (10) The term a "bank's major shareholder" as used in this Act means a person that holds a number of voting rights in a bank which is equal to or greater than the major shareholder threshold (including a person that holds those voting rights in the name of another person (or under a pseudonym); the same applies hereinafter), and is incorporated under the authorization referred to in

Article 52-9, paragraph (1), or that obtains the authorization referred to in that paragraph or the proviso to paragraph (2) of that Article.

- (11) In the case referred to in paragraph (8) or the preceding paragraph, the voting rights held by the company or the person that holds those voting rights are not to include the voting rights from shares or equity that the company or person holds as trust property in a monetary or security trust (limited to those that the settlor or beneficiary may exercise or those whose exercise the settlor or beneficiary may give instructions to the company or the person that holds them) or the voting rights specified by Cabinet Office Order, but are to include voting rights from shares or equity that constitute trust property which the company or the person that holds those voting rights may exercise as the settlor or beneficiary, or whose exercise the company or person may give instructions as the settlor or beneficiary (excluding those specified by Cabinet Office Order), and voting rights from shares which may not be asserted against the issuer pursuant to the provisions of Article 147, paragraph (1) or Article 148, paragraph (1) of the Act on Book-Entry Transfer of Corporate Bonds and Shares (Act No. 75 of 2001).
- (12) The term "holding company" as used in this Act means a company whose percentage of the total amount of the acquisition cost (or any other value if such value is listed in the latest balance sheet) of shares or equity in subsidiary companies (limited to domestic companies) to the amount calculated by deducting the amount of assets specified by Cabinet Office Order (meaning the amount calculated pursuant to the provisions of Cabinet Office Order) from the amount of total assets (meaning the total amount of assets calculated by a method specified by Cabinet Office Order) exceeds fifty percent.
- (13) The term "bank holding company" as used in this Act means a holding company that has a bank as its subsidiary company, and that is incorporated under the authorization referred to in Article 52-17, paragraph (1) or has obtained the authorization referred to in that paragraph (1) or the proviso to paragraph (3) of that Article.
- (14) The term "bank agency services" as used in this Act means the business of performing any of the following actions on behalf of a bank:
- (i) acting as agent or intermediary in concluding a contract for the acceptance of deposits or installment savings, etc.;
  - (ii) acting as an agent or intermediary in concluding a contract for the lending of funds or the discounting of negotiable instruments; or
  - (iii) acting as an agent or intermediary in concluding a contract for funds transfer transactions.
- (15) The term "bank agent" as used in this Act means a person that performs bank agency services under the license of the Prime Minister as referred to in Article 52-36, paragraph (1).

- (16) The term "principal bank" as used in this Act means a bank that accepts deposits or installment savings, etc., lends funds, discounts negotiable instruments, or deals in funds transfer transactions as referred to in the items of paragraph (14) under a contract provided for in each item of that paragraph, based on the action set forth in the items of that paragraph which a bank agent performs.
- (17) The term "electronic payment handling services" as used in this Act means the business of performing the following actions, and the term "electronic payment-related deposit intermediary services" as used in this Act means the action set forth in item (ii):
- (i) based on an entrustment from a bank, to come to an agreement with a depositor that has opened an account for deposits with the bank to carry out any of the following actions by a means that uses an electronic data processing system, and to increase or decrease the amount of claims under a deposit contract (hereinafter referred to as "deposit claims" in this item) based on the agreement, on behalf of the bank:
    - (a) to transfer funds in that account, and decrease the amount of deposit claims by an amount equivalent to the amount of the transferred funds; or
    - (b) to increase the amount of deposit claims by an amount equivalent to the amount of funds received through a fund transfer transaction; and
  - (ii) to provide intermediary services for concluding contracts for the acceptance of deposits on behalf of the bank referred to in the preceding item (hereinafter referred to as the "entrusting bank") in relation to the action set forth in that paragraph.
- (18) The term "electronic payment handling service provider" as used in this Act means a person that performs electronic payment handling services by obtaining the registration referred to in Article 52-60-3.
- (19) The term "foreign electronic payment handling service provider" as used in this Act means a person that performs electronic payment handling services under the same type of registration as the registration referred to in Article 52-60-3 obtained in a foreign country pursuant to the provisions of foreign laws and regulations that are equivalent to this Act (including other administrative dispositions similar to the registration) or a person that performs services equivalent to those services in accordance with laws and regulations of the foreign country.
- (20) The term "certified association of electronic payment handling service providers" as used in this Act means a general incorporated association that has been granted the certification under the provisions of Article 52-60-25.
- (21) The term "electronic payment services" as used in this Act means the business of performing any of the following actions (excluding the actions set forth in item (i) that are performed in order to enable a depositor prescribed in

that item to make periodic payments to a specific person and any other actions specified by Cabinet Office Order as those that are found to have little likelihood of resulting in insufficient user protection):

- (i) based on an entrustment (including entrustment at two or more degrees of separation from the original entrustment) from a depositor that has opened an account for deposits with a bank, through being provided with information on instruction to the bank (or with the content of the instruction alone) to conduct a fund transfer transaction for transferring funds in that account (limited to the provision of information on instruction by a means specified by Cabinet Office Order, if the person is provided with the content of the instruction alone), to provide information on the instruction to the bank, by a means of using an electronic data processing system; or
  - (ii) based on an entrustment (including entrustment at two or more degrees of separation from the original entrustment) from a depositor, etc. that has opened an account for deposits or installment savings, etc. with a bank, to acquire information on that account from the bank and providing it to the depositor, etc. (including provision of that information through another person and provision of information created by processing that information), by a means of using an electronic data processing system.
- (22) The term "electronic payment service provider" as used in this Act means a person engaging in electronic payment services by obtaining the registration referred to in Article 52-61-2.
- (23) The term "certified association of electronic payment service providers" as used in this Act means a general incorporated association that has been granted the certification under the provisions of Article 52-61-19.
- (24) The term "designated dispute resolution organization" as used in this Act means a person that has obtained the designation under Article 52-62, paragraph (1).
- (25) The term "banking services" as used in this Act means services that a bank performs pursuant to the provisions of Article 10 and Article 11, services that a bank performs pursuant to the provisions of the Secured Bond Trust Act (Act No. 52 of 1905) and other laws, and bank agency services that a person engaged in bank agency services performs on behalf of that bank.
- (26) The term "electronic payment handling business" as used in this Act means the business involving the actions set forth in the items of paragraph (17) that are performed by an electronic payment handling service provider.
- (27) The term "banking services, etc." as used in this Act means banking services or electronic payment handling business.
- (28) The term "complaint processing procedures" as used in this Act means procedures for processing a complaint related to banking services, etc. (meaning a complaint about banking services, etc.; the same applies in Article

52-67, Article 52-68, and Article 52-72).

- (29) The term "dispute resolution procedures" as used in this Act means procedures that attempt to resolve a dispute related to banking services, etc. (meaning a dispute about banking services, etc. which can be settled between the parties; the same applies in Article 52-67, Article 52-68, and Articles 52-73 through 52-75) without recourse to court proceedings.
- (30) The term "dispute resolution services" as used in this Act means services involved in complaint processing procedures and dispute resolution procedures, as well as services incidental to the services.
- (31) The term "categories of dispute resolution services" as used in this Act means categories of banking services and electronic payment handling business which are related to dispute resolution services
- (32) The term "basic contract for the implementation of dispute resolution procedures" as used in this Act means a contract concluded between a designated dispute resolution organization and a banking service provider (meaning a bank or electronic payment handling service provider; the same applies hereinafter) with regard to the implementation of dispute resolution services.

Article 3 The business of accepting deposits or installment savings, etc. (other than that which falls under the category of an action set forth in paragraph (2), item (i) of the preceding Article) is deemed to be banking, and this Act apply.

Article 3-2 (1) A person set forth in one of the following items is deemed to be a holder of voting rights in a bank, in the number specified in the relevant item, and the provisions of Chapter VII-3, Sections 1 and 2, Chapter VIII and Chapter IX apply:

- (i) an organization that is not a corporation (limited to one specified by Cabinet Office Order as being equivalent to a corporation): the number of voting rights in the bank which are held in the name of the organization that is not a corporation;
- (ii) a company that is to prepare financial statements or other documents on a consolidated basis pursuant to the provisions of Cabinet Office Order (referred to as "company subject to consolidation standards" in the following item), whose consolidated companies and other corporations (which includes an organization that is not a corporation set forth in the preceding item; hereinafter referred to as a "company, etc." in this paragraph) include a bank, and which is not itself consolidated in any other company's financial statements or other documents: the number calculated pursuant to the provisions of Cabinet Office Order as representing the substantial influence that the company exercises on the bank;

- (iii) a company, etc. not constituting a company subject to consolidation standards (limited to one that holds voting rights in a bank and excluding one that is consolidated in the financial statement or other documents of a company set forth in the preceding item) which belongs to a group of companies, etc. (meaning a group consisting of the company, etc. itself and any other company, etc. that Cabinet Office Order specifies as being one in which the relevant company, etc. holds majority voting rights or as being closely related to the relevant company, etc. in any other such way; hereinafter the same applies in this paragraph) and if the combined number of voting rights in a single bank held by all of the companies, etc. belonging to that group of companies, etc. (hereinafter referred to as the "number of voting rights held by the group of companies, etc." in this item and the following item) is equal to or greater than the major shareholder threshold for the bank (hereinafter referred to as a "specified group of companies, etc." in this item and the following item), the company that has no companies, etc. which is the holder of majority voting rights in that company, etc.: the number of voting rights held by the group of companies, etc. which is associated with that specified group of companies, etc.;
- (iv) the company, etc. with the largest amount of assets on the balance sheet out of the companies, etc. belonging to the specified group of companies, etc., if there is no company, etc. set forth in the preceding item among the companies, etc. that belong to that specified group of companies, etc.: the number of voting rights held by the group of companies, etc. which is associated with that specified group of companies, etc.;
- (v) an individual who holds majority voting rights in a company, etc. that holds voting rights in a bank (such a company, etc. includes a person set forth in item (ii) through the preceding item; hereinafter the same applies in this item), if the combined number of voting rights in a single bank which are held by all companies, etc. in which the individual holds majority voting rights (or, the combined number of those voting rights in that bank and the number specified in the preceding items, if any of those company, etc. falls under any of the categories set forth in those items) (or, the number of voting rights arrived at when the number of voting rights in that bank held by the individual is added to that combined number in question if the individual has voting rights in that bank; the number calculated is hereinafter referred to as the "combined number of voting rights" in this item) is equal to or greater than twenty percent of the total shareholder voting rights in that bank: the combined number of voting rights associated with that individual;
- (vi) a person that holds voting rights in a bank (including a person set forth in the preceding items; hereinafter the same applies in this item), if the sum of the number of voting rights in that bank the person holds (or, the number

- specified in the relevant item if the person is one that is set forth in the preceding items) and the number of voting rights in that bank held by the person's joint holders (meaning a second person that holds voting rights in a bank (including a person set forth in one of the preceding items) with which a first person that holds voting rights in that bank has agreed to jointly acquire or transfer the shares to which those voting rights are attached, or has agreed to jointly exercise voting rights and other rights as bank shareholders (the second person excludes a company, etc. whose financial statements and other documents are consolidated to another company set forth in item (ii) if that first person that holds voting rights in the bank is that other company; excludes a company, etc. that does not constitute another company, etc. set forth in item (iii) or item (iv) but belongs to the group of companies, etc. to which that other company, etc. belongs if the first person is that other company, etc. set forth in item (iii) or item (iv); and excludes a company, etc. in which an individual set forth in the preceding item holds majority voting rights if the first person is that individual; and includes any person that has a special relationship specified by Cabinet Order with the first person)) (or, the sum total of the number of voting rights in that bank the person holds and the number prescribed in the relevant item, if that joint holder is a person set forth in one of the preceding items) (the combined number of voting rights is hereinafter referred to as the "number of voting rights jointly held" in this item) is equal to or greater than twenty percent of the total shareholder voting rights in that bank: the number of voting rights jointly held; and
- (vii) a person specified by Cabinet Office Order as being equivalent to any of the persons set forth in one of the preceding items: the number calculated pursuant to the provisions of Cabinet Office Order as representing a substantial influence on the bank.
- (2) The provisions of Article 2, paragraph (11) apply mutatis mutandis to voting rights that the person set forth in the items of the preceding paragraph is deemed to hold and to the voting rights that the holder of the voting rights holds, in the case referred to in one of the items of that paragraph.

(Business License)

Article 4 (1) A person may not engage in banking unless licensed by the Prime Minister to do so.

- (2) When an application is filed for a banking license, the Prime Minister must examine whether the following criteria are met:
  - (i) the person filing application for the banking license (hereinafter referred to as the "applicant" in this paragraph) has a sufficient financial basis to perform the services of a bank soundly and efficiently, and has good

prospects for income and expenditures in connection with those services; and  
(ii) in light of its personnel structure, etc., the applicant has the knowledge and experience to perform the services of a bank appropriately, fairly, and efficiently, and has sufficient social credibility.

- (3) If a person that has persons engaged in banking in a foreign country in accordance with foreign laws and regulations (including a person that has a unique relationship specified by Cabinet Order with the person, but excluding a bank, etc.; hereinafter such a person is referred to as a "foreign bank, etc." in this paragraph) as all or some of their shareholders files a banking license application, and the foreign bank, etc. lawfully holds voting rights in the person filing the banking license application which exceed the number arrived at by multiplying the total shareholder voting rights in that person shareholders by the percentage specified by Cabinet Office Order, in addition to the criteria set forth in each item of the preceding paragraph, the Prime Minister must examine whether banks are found to be treated in substantially the same manner as under this Act in the country where the principal business office of the foreign bank, etc. is located; provided, however, that this does not apply to the case in which the examination would interfere with the faithful fulfillment of an international agreement or in other cases specified by Cabinet Order.
- (4) If the Prime Minister finds it to be necessary in the public interest in light of the examination criteria under the preceding two paragraphs, the Prime Minister may attach conditions to the license referred to in paragraph (1) or change those conditions, to the extent necessary.
- (5) The term "bank, etc." as used in paragraph (3) means a bank, a long-term credit bank (meaning a long-term credit bank as defined in Article 2 (Definitions) of the Long-Term Credit Bank Act (Act No. 187 of 1952); the same applies hereinafter), or a financial institution specified by Cabinet Office Order.

#### (Organs of a Bank)

Article 4-2 A bank must be a stock company that has in place the following organs:

- (i) a board of directors;
- (ii) a board of company auditors, a supervisory committee, or a nominating committee, etc. (meaning a nominating committee, etc. as defined in Article 2, paragraph (12) (Definitions) of the Companies Act; the same applies in Article 52-18, paragraph (2), item (ii)); and
- (iii) a financial auditor.

#### (Amount of Stated Capital)

Article 5 (1) The stated capital of a bank must be equal to or more than the

amount specified by Cabinet Order.

- (2) The amount specified by Cabinet Order that is referred to in the preceding paragraph must not be less than one billion yen.
- (3) A bank must obtain the authorization by the Prime Minister if it seeks to reduce the amount of its stated capital.

(Trade Name)

Article 6 (1) A bank must use the characters "銀行" (with a pronunciation of "ginkou" and literally meaning a "bank") in its trade name.

- (2) A person that is not a bank must not use the characters that indicate them to be a bank in their name or trade name.
- (3) A bank must obtain the authorization by the Prime Minister if it seeks to change its trade name.

(Restriction on the Concurrent Holding of Positions by Directors)

Article 7 (1) A director (or, an executive officer, if the bank is a company with nominating committee, etc.) who is engaged in the day-to-day operations of a bank must not engage in the day-to-day operations of any other company without the authorization by the Prime Minister.

- (2) When an application is filed for the authorization referred to in the preceding paragraph, the Prime Minister must not grant the authorization unless the Prime Minister finds that the particulars given in the application are unlikely to interfere with the sound and appropriate management of the bank's services.

(Eligibility as a Director)

Article 7-2 (1) A person set forth in one of the following items must have the knowledge and experience specified in the relevant item, and must have sufficient social credibility:

- (i) a director engaged in the day-to-day operations of a bank (director and executive officer engaged in the day-to-day operations of a bank, if the bank is a company with nominating committee, etc.): the knowledge and experience required to carry out the business management of a bank appropriately, fairly, and efficiently;
- (ii) company auditor of a bank (or supervisory committee member, if the bank is a company with audit and supervisory committee): the knowledge and experience required to audit the execution of duties by directors of a bank (or by directors and accounting advisors, if the bank is a company with accounting advisors), appropriately, fairly, and efficiently; and
- (iii) an audit committee member of a bank: the knowledge and experience required to audit the execution of duties by executive officers and directors of a bank (or by executive officers, directors, and accounting advisors, if the

bank is a company with accounting advisors), appropriately, fairly, and efficiently.

- (2) The following persons may not become the director, executive officer, or company auditor of a bank:
  - (i) a person specified by Cabinet Office Order as being unable to properly perform their duties due to mental or physical disorder; or
  - (ii) a person subject to an order commencing bankruptcy proceedings that has not been released from bankruptcy restrictions, or a person that is treated in the same manner under foreign laws and regulations.
- (3) In applying the provisions of Article 331, paragraph (1), item (iii) of the Companies Act (Qualifications of Directors) (including as applied mutatis mutandis pursuant to Article 335, paragraph (1) (Qualifications of Company Auditors) and Article 402, paragraph (4) (Election of Executive Officers) of that Act) to the director, executive officer, or company auditor of a bank, the term "this Act" in that item is deemed to be replaced with "the Banking Act, this Act".
- (4) The provisions of the proviso to Article 331, paragraph (2) (Qualifications of Directors) of the Companies Act (including as applied mutatis mutandis pursuant to Article 335, paragraph (1) (Qualifications of Company Auditors)), Article 332, paragraph (2) (Directors' Terms of Office) (including as applied mutatis mutandis pursuant to Article 334, paragraph (1) (Accounting Advisors' Terms of Office)), Article 336, paragraph (2) (Company Auditors' Terms of Office) and the proviso to Article 402, paragraph (5) (Election of Executive Officers) of that Act do not apply to a bank.

(Establishment of Business Offices)

- Article 8 (1) Except in cases specified by Cabinet Office Order, a bank must file a notification with the Prime Minister pursuant to the provisions of Cabinet Office Order if the bank seeks to establish a branch office or other business office in Japan, change its location (including a change in the location of its head office), change its type, or close it.
- (2) Except in cases specified by Cabinet Office Order, a bank must obtain the authorization by the Prime Minister pursuant to the provisions of Cabinet Office Order if the bank seeks to establish a branch office or other business office in a foreign country, change its type, or close it.
  - (3) A bank must obtain the authorization by the Prime Minister pursuant to the provisions of Cabinet Office Order if the bank seeks to conclude or terminate a contract under which it entrusts a person with an action set forth in one of the items of Article 2, paragraph (14) in a foreign country.
  - (4) The provisions of the preceding paragraph do not apply when a bank seeks to conclude or terminate a contract referred to in that paragraph with a

subsidiary company of that bank that constitutes a person engaged in banking in a foreign country in accordance with foreign laws and regulations, or with any other person specified by Cabinet Office Order. In such cases, the bank must file a notification with the Prime Minister in advance, pursuant to the provisions of Cabinet Office Order.

(Prohibition on Lending One's Name)

Article 9 A bank must not allow another person to engage in banking using its name.

## **Chapter II Services**

(Scope of Services)

Article 10 (1) A bank may perform the following services:

- (i) acceptance of deposits and installment savings, etc.;
- (ii) lending of funds and the discounting of negotiable instruments; and
- (iii) funds transfer transactions.

(2) In addition to the services set forth in the items of the preceding paragraph, a bank may perform the following services and any other services incidental to banking:

- (i) guaranteeing obligations or accepting bills;
- (ii) conducting purchases and sales of securities (excluding securities that fall under monetary claims indicated in the form of certificates prescribed in item (v), and short-term bonds, etc.; the same applies in item (v)-2 and item (vi)) (excluding purchase and sale that falls under a transaction of securities-related derivatives) and transactions of securities-related derivatives (limited to those made for the purpose of investment or those that constitute brokerage with written orders);
- (iii) lending securities;
- (iv) underwriting national government bonds, local government bonds, and government-guaranteed bonds (hereinafter collectively referred to as "national government bonds, etc." in this Article) (excluding underwriting that is done for the purpose of secondary distribution), and handling of public offerings of national government bonds, etc. linked to that underwriting;
- (v) acquiring and transferring monetary claims (including negotiable certificates of deposits and other monetary claims indicated in the form of certificates specified by Cabinet Office Order);
- (v)-2 underwriting specified bonds issued by special purpose companies (excluding specified short-term bonds, and limited to those for acquiring only a monetary claim (excluding claims for negotiable instruments payable to order prescribed in Part III, Chapter I, Section 7, Subsection 1 (Negotiable

Instruments Payable to Order) of the Civil Code (Act No. 89 of 1896), registered negotiable instruments payable to holder prescribed in Subsection 2 (Registered Negotiable Instruments Payable to Holder) of that Section, other registered negotiable instruments prescribed in Subsection 3 (Other Registered Negotiable Instruments) of that Section, negotiable instruments payable to bearer prescribed in Subsection 4 (Negotiable Instruments Payable to Bearer) of that Section, and electronically recorded monetary claims as defined in Article 2, paragraph (1) (Definitions) of the Electronically Recorded Monetary Claims Act (Act No. 102 of 2007); hereinafter the same applies in this item) or a beneficiary interest in a trust into which a monetary claim is placed with the money earned through the issuance of the specified bonds under the asset securitization plan; hereinafter the same applies in this item) and any other securities specified by Cabinet Office Order as equivalent to specified bonds (hereinafter referred to as "specified bonds, etc." in this item) (excluding underwriting that is done for the purpose of secondary distribution), and handling of public offerings of specified bonds, etc. linked to that underwriting;

(v)-3 acquiring and transferring short-term bonds, etc.;

(vi) handling of private placements of securities;

(vii) accepting entrustment of public offerings of local government bonds, corporate bonds, or other bond certificates, or entrusting their management;

(viii) acting as agent or intermediary (limited to those specified by Cabinet Office Order) in connection with the services of a bank or other persons engaged in financial services (excluding persons engaged in banking in a foreign country in accordance with foreign laws and regulations (excluding a bank, etc. provided for in Article 4, paragraph (5); hereinafter referred to as a "foreign bank")) (excluding services falling under the services set forth in the following item);

(viii)-2 acting as agent or intermediary in connection with the services of a foreign bank (limited to agency, intermediation, and any other services specified by Cabinet Office Order when the bank acts as agent or intermediary in connection with the services of a foreign bank which is a subsidiary company of that bank);

(ix) receipt of money and handling other financial affairs for the State, local public entities, companies, etc.;

(x) safe custody of securities, precious metals, and other goods;

(x)-2 book-entry transfer business;

(xi) currency exchange;

(xii) derivatives transactions (other than those that fall under the transaction of securities-related derivatives; the same applies in the following item) that are specified by Cabinet Office Order (other than those that fall under the

- service set forth in item (v));
- (xiii) acting as the intermediary, broker, or agent in derivatives transactions (limited to those specified by Cabinet Office Order);
  - (xiv) transactions in which the parties promise to pay and receive an amount of money calculated based on the difference between a numerical value that the parties have agreed upon in advance as the numerical value for a money interest, value of currencies, commodity price, carbon dioxide-equivalent quota price (meaning a carbon dioxide equivalent quota as defined in Article 2, paragraph (7) (Definitions) of the Act to Promote Global Warming Countermeasures (Act No. 117 of 1998) or anything equivalent to the quota; the same applies in item (iv) of the following Article), or any other index, and the actual numerical value of that index at a fixed point of time in the future, or any equivalent transaction specified by Cabinet Office Order (referred to as a "financial derivatives transaction" in the following item) which is specified by Cabinet Office Order as a transaction that is found to be unlikely to damage the soundness of bank management (excluding transactions that fall under the service set forth in item (v) or item (xii));
  - (xv) acting as the intermediary, broker, or agent for financial derivatives transactions (excluding the services that fall under the services set forth in item (xiii), and excluding those specified by Cabinet Office Order);
  - (xvi) securities-related over-the-counter derivatives transactions (limited to those that are settled by payment and receipt of the difference, if the securities involved in the securities-related over-the-counter derivatives transactions fall under the monetary claims that are indicated in the form of certificates prescribed in item (v) and are not short-term bonds, etc.; the same applies in the following item) (excluding transactions that fall under the service set forth in item (ii)); and
  - (xvii) acting as the intermediary, broker, or agent for securities-related over-the-counter derivatives transactions.
  - (xviii) based on the contract to have a person use machinery and other objects and that satisfy all of the following requirements, the service of having the person use the object:
    - (a) the contract is one in which the parties may not cancel before the end of the period the parties use the object that is subject to the contract (hereinafter referred to as a "leased object" in this item) (hereinafter the period is referred to as the "period of use" in this item), or one that is specified by Cabinet Office Order as being equivalent to that contract;
    - (b) the contract specifies that the lessor is to receive the sum of the acquisition costs of the leased object deducting the amount corresponding to the transfer price that is expected if the leased object are to be transferred at the end of the leased object's period of use, and the amounts

- corresponding to the fixed asset tax, insurance premiums, and the costs specified by Cabinet Office Order as incidental costs that are required in order to have a person use the leased object, as consideration during the period of use.
- (c) the contract does not provide for ownership of the leased object or a right to use or to earn profit from the leased object to transfer to the other party, at the end of the period of use.
- (xix) acting as agent or intermediary for the services set forth in the preceding item.
- (xx) the service of providing customer information acquired from the customer to a third party with the customer's consent or any other service in which the bank provides information it holds to a third party that contributes to sophistication in the banking that the bank conducts or to enhanced convenience for bank users.
- (xxi) the services performed by mainly using management resources held by the bank which are related to the banking performed by the bank, such as personnel, information and communications technology, and equipment, which are specified by Cabinet Office Order as services that contribute to regional development, improvement of industrial productivity, and other services for building a sustainable society.
- (3) The term "short-term bonds, etc." as used in item (ii), item (v)-3, and item (xvi) of the preceding paragraph and paragraph (6) means the following bonds:
- (i) short-term bonds prescribed in Article 66, item (i) (Vesting of Rights) of the Act on Book-Entry Transfer of Corporate Bonds and Shares;
  - (ii) Deleted
  - (iii) short-term investment corporation bonds prescribed in Article 139-12, paragraph (1) (Special Provisions on Short-Term Investment Corporation Bonds) of the Act on Investment Trust and Investment Corporations (Act No. 198 of 1951);
  - (iv) short-term bonds prescribed in Article 54-4, paragraph (1) (Issuance of Short-Term Bonds) of the Shinkin Bank Act (Act No. 238 of 1951);
  - (v) short-term bonds prescribed in Article 61-10, paragraph (1) (Special Provisions on Short-Term Bonds) of the Insurance Business Act (Act No. 105 of 1995);
  - (vi) specified short-term bonds as defined in Article 2, paragraph (8) (Definitions) of the Act on Securitization of Assets (Act No. 105 of 1998);
  - (vii) short-term Norinchukin Bank bonds prescribed in Article 62-2, paragraph (1) (Issuance of Short-Term Agricultural and Forestry Bonds) of the Norinchukin Bank Act (Act No. 93 of 2001); and
  - (viii) rights that are required to be indicated on bond certificates issued by a foreign corporation, which are to vest based on the entry or record in the

transfer account register pursuant to the provisions of the Act on Book-Entry of Corporate Bonds and Shares, (excluding those with the nature of corporate bond certificates with share options), and which satisfy all of the following requirements:

- (a) the amount of each right is not to be less than 100 million yen;
  - (b) a fixed due date for redemption of the principal is specified which is within one year from the day on which the total amount of the rights is paid, and there are no provisions for installment payment; and
  - (c) there are provisions indicating that the due date for the payment of interest is the same date as the due date for the redemption of the principal referred to in sub-item (b).
- (4) The terms "transaction of securities-related derivatives" and "brokerage with written orders" as used in paragraph (2), item (ii) or (xii) mean the transaction of securities-related derivatives as defined in Article 28, paragraph (8), item (vi) (General Rules) of the Financial Instruments and Exchange Act (Act No. 25 of 1948) and the brokerage with written orders provided for in Article 33, paragraph (2) (Prohibition on Engagement in Securities-Related Services by Financial Institutions) of that Act.
- (5) The term "government-guaranteed bonds" as used in paragraph (2), item (iv) means corporate bonds and other bond certificates for which the government guarantees redemption of the principal and payment of interest.
- (6) The services set forth in paragraph (2), item (v) include the services of performing the actions set forth in Article 2, paragraph (8), items (i) through (vi) and items (viii) through (x) (Definitions) of the Financial Instruments and Exchange Act for monetary claims that are indicated in the form of certificates prescribed in paragraph 2, item (v) and fall under the category of securities, and the services set forth in paragraph (2), item (v)-3 include the services of performing those actions for short-term bonds, etc.
- (7) The terms "special purpose company," "asset securitization plan," "specified bonds," and "specified short-term bonds" as used in paragraph (2), item (v)-2 mean, a special purpose company, asset securitization plan, specified bond, or specified short-term bond as defined in Article 2, paragraph (3), paragraph (4), paragraph (7), and paragraph (8), respectively, of the Act on Securitization of Assets, respectively.
- (8) The term "handling of private placements of securities" as used in paragraph (2), item (vi) means handling of the private placement of securities (meaning a private placement of securities as defined in Article 2, paragraph (3) as provided for in of the Financial Instruments and Exchange Act).
- (9) The term "book-entry transfer business" as used in paragraph (2), item (x)-2 means the book-entry transfer business that a person performs as an account management institution referred to in Article 2, paragraph (4) (Definitions) of

the Act on Book-Entry Transfer of Corporate Bonds and Shares.

(10) The term "derivatives transactions" as used in paragraph (2), items (xii) and (xiii) and the term "securities-related over-the-counter derivatives transactions" as used in paragraph (2), items (xvi) and (xvii) mean the derivatives transactions as defined in Article 2, paragraph (20) of the Financial Instruments and Exchange Act and the action set forth in Article 28, paragraph (8), item (iv) of that Act.

Article 11 In addition to the services a bank performs pursuant to the provisions of the preceding Article, a bank may perform the following services, to the extent that this does not interfere with the performance of the services set forth in the items of paragraph (1) of that Article:

- (i) investment advisory services as defined in Article 28, paragraph (6) (General Rules) of the Financial Instruments and Exchange Act;
- (ii) services for performing the actions provided for in the items of Article 33, paragraph (2) (Prohibition on Engagement in Securities-Related Services by Financial Institutions) of the Financial Instruments and Exchange Act for the securities or transactions set forth in the items of that paragraph (other than services performed pursuant to the provisions of paragraph (2) of the preceding Article);
- (iii) services related to trust affairs which are performed by the method set forth in Article 3, item (iii) (Methods of Creating Trusts) of the Trust Act (Act No. 108 of 2006); and
- (iv) services for concluding a contract for the acquisition or transfer of carbon dioxide equivalent quotas, or services for acting as the intermediary, broker, or agent for this (other than services performed pursuant to the provisions of paragraph (2) of the preceding Article), specified by Cabinet Office Order.

Article 12 A bank may not perform services other than those it conducts pursuant to the provisions of the preceding two Articles and those it conducts pursuant to the provisions of the Secured Bond Trust Act or other laws.

(Provision of Information to Depositors)

Article 12-2 (1) In order to contribute to the protection of depositors, etc. with regard to the acceptance of deposits or installment savings, etc. (hereinafter referred to as "deposits, etc." in this paragraph) (other than the acceptance of specified deposits, etc. as prescribed in Article 13-4), a bank must provide information on the content of contract for deposits, etc. and other information that is to serve as a reference to depositors, etc., pursuant to the provisions of Cabinet Office Order.

(2) Beyond what is provided for in the preceding paragraph, Article 13-4, and

other laws, a bank must explain the material matters of its services to customers, appropriately handle customer information it acquires in the course of its services, take measures to ensure precise execution of its services in entrusting them to a third party, and take other measures to ensure sound and appropriate management of its services, pursuant to the provisions of Cabinet Office Order.

- (3) The provisions of the preceding paragraph (limited to the parts concerning measures to be taken by a bank to ensure appropriate execution of its services in entrusting them to a third party) do not apply to the following cases:
- (i) if two or more companies (limited to cases in which the companies include a bank) that belong to a bank holding company group (meaning a group consisting of a bank holding company and its subsidiary companies; the same applies in this paragraph, Article 52-21, and Article 52-21-2, paragraph (1)) entrust their common services to another company that belongs to the bank holding company group (limited to cases in which the bank holding company that belongs to the bank holding company group (limited to one that carries out business management (meaning business management prescribed in Article 52-21, paragraph (4)) of the bank holding company group; the same applies in the following item) takes measures to ensure precise execution of its services pursuant to the provisions of Cabinet Office Order); or
  - (ii) if two or more companies (limited to cases in which the companies include a bank) that belong to a bank holding company group entrust their common services to the bank holding company that belongs to the bank holding company group.

(Obligation to Conclude a Contract with a Designated Dispute Resolution Organization for Banking Services)

Article 12-3 (1) A bank must take the measures specified in the following items in accordance with the category of cases set forth in each of those items:

- (i) if there is a designated dispute resolution organization for banking services (meaning a designated dispute resolution organization for which the type of dispute resolution services is banking services; hereinafter the same applies in this Article): measures to conclude a basic contract for the implementation of dispute resolution procedures with a single designated dispute resolution organization for banking services; and
- (ii) if there is no designated dispute resolution organization for banking services: complaint processing measures (meaning measures for having a person set forth in Article 52-73, paragraph (3), item (iii) provide advice or guidance to the employee or any other workers engaged in the job of processing complaints from customers, or any other measures specified by Cabinet Office Order as being equivalent to this) and dispute resolution

measures (meaning measures for resolving a dispute with customers through certified dispute resolution procedures (certified dispute resolution procedures as defined in Article 2, item (iii) (Definitions) of the Act on Promotion of Use of Alternative Dispute Resolution (Act No. 151 of 2004)) or any other measures specified by Cabinet Office Order as being equivalent to them), in connection with banking services.

- (2) If a bank takes measures to conclude a basic contract for the implementation of dispute resolution procedures pursuant to the provisions of the preceding paragraph, it must publicize the trade name or name of the designated dispute resolution organization for banking services that is the other party to the basic contract for the implementation of dispute resolution procedures.
- (3) The provisions of paragraph (1) do not apply to the period specified in the following items in accordance with the category of cases set forth in each of those items:
  - (i) if the case that had fallen under the case set forth in paragraph (1), item (i) has come to fall under the case set forth in item (ii) of that paragraph: the period that the Prime Minister specifies as the period necessary for taking the measures specified in paragraph (1), item (ii) at the time of granting the authorization to discontinue dispute resolution services pursuant to the provisions of Article 52-83, paragraph (1) or of revoking the designation pursuant to the provisions of Article 52-84, paragraph (1);
  - (ii) if the case that had fallen under the case set forth in paragraph (1), item (i), has been granted the authorization to discontinue the dispute resolution services of the single designated dispute resolution organization for banking services referred to in that item pursuant to the provisions of Article 52-83, paragraph (1), or the designation pursuant to the provisions of Article 52-62, paragraph (1) of the single designated dispute resolution organization for banking services referred to in that item has been revoked pursuant to the provisions of Article 52-84, paragraph (1) (excluding the cases set forth in the preceding item): the period that the Prime Minister specifies as the period necessary for taking the measures specified in paragraph (1), item (i) at the time of granting the authorization or making the revocation; and
  - (iii) if the case that had fallen under the case set forth in paragraph (1), item (ii) has come to fall under the case set forth in item (i) of that paragraph: the period that the Prime Minister specifies as the period necessary for taking the measures specified in item (i) of that paragraph at the time of making the designation pursuant to the provisions of Article 52-62, paragraph (1).

(Prohibition Against Becoming a Member with Unlimited Liability)

Article 12-4 A bank may not become a member with unlimited liability of a membership company or a member in charge of executing the business of a

membership company.

(Granting Credit or Making Financial Contribution to a Single Person)

Article 13 (1) The amount of credit to be granted and financial contribution to be made (meaning granting of credit or making of financial contributions (including anything equivalent to grant of credit or the making of financial contribution) as specified by Cabinet Order; hereinafter the same applies in this Article) by a bank to one person (including any other person that has a unique relationship specified by Cabinet Order with that person; hereinafter the same applies in this Article) must not exceed the amount arrived at by multiplying the amount of the bank's equity capital by the percentage specified by Cabinet Order for each of the category specified by Cabinet Order (hereinafter the amount is referred to as the "maximum amount of credit and contribution" in this Article); provided, however, that this does not apply when the total amount of credit granted and financial contribution made by a bank to one person exceeds the maximum amount of credit and contribution as a result of a merger, joint incorporation-type split (meaning an incorporation-type split in which two or more stock companies or limited liability companies jointly implement; the same applies in Article 16-4, paragraph (4), item (iv) and Article 52-22, paragraph (1)), absorption-type split, or acquisition of business by the person to which the credit is granted and financial contribution is made, or due to compelling reasons as specified by Cabinet Order, with the approval by the Prime Minister.

(2) If a bank has a subsidiary company (other than one specified by Cabinet Office Order) or other persons that has a unique relationship specified by Cabinet Office Order with the bank (hereinafter referred to as a "subsidiary company, etc." in this Article), the total amount of credit granted and financial contribution made to one person by the bank and its subsidiary company, etc. together or by its subsidiary company, etc. must not exceed the amount arrived at by multiplying the total net amount of the equity capital of the bank and its subsidiary company, etc. by the percentage specified by Cabinet Order for each of the category specified by Cabinet Order (hereinafter referred to as the "consolidated maximum amount of credit and contribution" in this Article). In such a case, the provisions of the proviso to the preceding paragraph apply *mutatis mutandis*.

(3) The provisions of the preceding two paragraphs do not apply to the granting of credit and making of financial contribution in the following cases:

(i) the granting of credit to the State or a local public entity, the granting of credit for which redemption of the principal and payment of interest are guaranteed by the government, and granting of credit and making of financial contribution specified by Cabinet Order as being equivalent to

- these; and
- (ii) the granting of credit and making of financial contribution to a person that is found to be substantially the same as a bank that grants credit and makes financial contribution or its subsidiary company, etc., and any other granting of credit and making of financial contribution specified by Cabinet Order.
- (4) In the case referred to in paragraph (2), if the total amount of credit that has been granted and financial contribution that has been made to one person by the bank and its subsidiary company, etc. together or by its subsidiary company, etc. exceeds the consolidated maximum amount of credit and contribution, the excess amount for which credit has been granted and financial contribution has been made is deemed to be an amount of credit that has been granted and financial contribution that has been made by that bank.
- (5) Irrespective of the name used or the means used, if a bank or its subsidiary company, etc. has granted credit and has made financial contribution for the purpose of evading the application of the provisions of the main clause of paragraph (1) or the first sentence of paragraph (2), and a person other than the named person is the one to which the credit is substantially granted or the financial contribution is substantially made, the granting of credit or the making of financial contribution is deemed to be the credit substantially granted or financial contribution substantially made to the person to which the credit is granted or financial contribution is made by the bank or its subsidiary company, etc., and the aforementioned provisions apply.
- (6) Beyond what is provided for in the preceding paragraphs, Cabinet Order prescribes the amount of credit to be granted and financial contribution to be made, the amount of equity capital prescribed in paragraph (1), the maximum amount of credit and contribution, the total net amount of the equity capital prescribed in paragraph (2), the consolidated maximum amount of credit and contribution, and the particulars necessary for applying the provisions of paragraphs (1) and (2).

(Transactions with Specified Related Parties)

Article 13-2 A bank must not conduct the following transactions or actions with its specified related party (meaning a subsidiary company of the bank, the bank's major shareholder, a bank holding company that has the bank as its subsidiary company, a subsidiary company of the bank holding company (excluding the bank), or a bank agent that has the bank as its principal bank, and other persons that have a unique relationship specified by Cabinet Order with the bank; hereinafter the same applies in this Article and the following Article) or with the customer of its specified related party; provided, however, that this does not apply if there is a compelling reason specified by Cabinet Office Order for the bank to conduct the transaction or the action and the bank

has obtained the approval of the Prime Minister, or if the bank conducts the transaction or the action with a subsidiary company of the bank holding company (limited to one that is not a subsidiary company of any other bank or bank holding company) that has the bank in question as its subsidiary company (limited to a bank other than that bank), and this has been approved by the Prime Minister as being unlikely to damage the sound management of the bank or as satisfying other requirements specified by Cabinet Office Order:

- (i) a transaction conducted with the specified related party which is specified by Cabinet Office Order as having the terms and conditions that are disadvantageous to the bank in light of the normal terms and conditions under which the bank conducts transactions; and
- (ii) a transaction or action conducted with the specified related party or with the customer of the specified related party which is equivalent to the transaction or action set forth in the preceding item, and which is specified by Cabinet Office Order as being likely to impair the sound and appropriate performance of that bank's services.

(Prohibited Action Concerning a Bank's Services)

Article 13-3 A bank must not engage in any of the following actions in connection with its services (for services involved in entering into a contract for specified deposit, etc. prescribed in Article 13-4, excluding the action set forth in item (iv)):

- (i) conveying false information to a customer;
- (ii) providing a customer with a conclusive assessment with regard to a matter that is uncertain, or with information that is likely to mislead the customer into believing that an uncertain matter is actually certain;
- (iii) granting or promising to grant credit to a customer on the condition that the customer conducts a transaction connected with the services performed by the bank, a specified related party of that bank, or a person that has a close relationship specified by Cabinet Office Order with that bank (excluding actions specified by Cabinet Office Order as being unlikely to result in insufficient customer protection); and
- (iv) beyond what is set forth in the preceding three items, actions specified by Cabinet Office Order as being likely to result in insufficient customer protection.

(Establishment of a System for Protecting the Customers' Interests)

Article 13-3-2 (1) A bank must properly manage information about the services and establish a system for properly supervising the implementation status of the services and take other necessary measures pursuant to the provisions of Cabinet Office Order, in order to ensure that the interests of the customers in

relation to the services are not unjustly impaired regarding services (limited to the banking, bank agency services, and other services specified by Cabinet Office Order) provided by a bank, a bank agent that has the bank as its principal bank, or the subsidiary financial institution of the bank in connection with transactions conducted by the bank, the bank agent that has the bank as its principal bank, or the parent financial institution etc., or the subsidiary financial institution, etc. of the bank.

- (2) The term "parent financial institution, etc." as used in the preceding paragraph means a bank, financial instruments business operator (meaning a financial instruments business operator as defined in Article 2, paragraph (9) (Definitions) of the Financial Instruments and Exchange Act; the same applies hereinafter), insurance company (meaning an insurance company as defined in Article 2, paragraph (2) (Definitions) of the Insurance Business Act; the same applies hereinafter), or other persons engaged in financial services specified by Cabinet Order, which Cabinet Order prescribes as holding the majority of the total shareholder voting rights in the relevant bank or as other persons that have a close relationship with that bank.
- (3) The term "subsidiary financial institution, etc." as used in paragraph (1) means a bank, financial instruments business operator, insurance company, or other persons engaged in financial services specified by Cabinet Order, in which Cabinet Order prescribes that the relevant bank holds the majority of the total shareholder or investor voting rights or which Cabinet Order prescribes as other persons that have a close relationship with that bank.

(Application, Mutatis Mutandis of the Financial Instruments and Exchange Act)

Article 13-4 The provisions of Chapter III, Section 1, Subsection 5 of the Financial Instruments and Exchange Act (excluding Article 34-2, paragraphs (6) through (8) (Cases in Which a Professional Investor Is Deemed to Be a Customer Other Than a Professional Investor) and Article 34-3, paragraphs (5) and (6) (When a Customer Other than a Professional Investor Is a Corporation and That Corporation Is Deemed to Be a Professional Investor)) (Professional Investors); Section 2, Subsection 1 of that Chapter (excluding Articles 35 through 36-4 (Scope of Services for Persons Engaged in Type-I Financial Instruments Business or Investment Management Business; Scope of Concurrent Business by Persons Only Engage in Type-II Financial Instruments Business or Investment Advisory and Agency Business; Establishment of an Operational Control System; Duty of Sincerity to Customers, Posting Signs, Prohibition on Lending One's Name, and Prohibition on Corporate Bond Management), Article 37, paragraph (1), item (ii) (Regulation of Advertising); Article 37-2 (Obligation to Clarify the Conditions of Transactions in Advance);

Article 37-3, paragraph (1), items (ii) and (vi) and paragraph (3) (Delivery of Documents Prior to the Conclusion of a Contract); Article 37-5 (Delivery of Documents in Connection with the Receipt of a Security Deposit); Article 37-7 (Obligation to Conclude a Contract with a Designated Dispute Resolution Organization); Article 38, items (i), (ii), (vii) and (viii), Article 38-2 (Prohibited Actions); the proviso to Article 39, paragraph (3), and paragraphs (4), (6) and (7) of that Article (Prohibition on Compensation of Loss); Articles 40-2 through 40-7 (excluding Best Execution Policy; Prohibition of Purchase and Sale If Separate Management Is Not Ensured; Prohibition of Public Offering If Money Has Been Diverted; Restrictions on the Purchase and Sale of Securities for Professional Investors, Obligation to Notify in Connection with Securities for Professional Investors, Prohibition of Trading Against Self, Obligation to Use an Electronic Data Processing System for Over-the-Counter Transactions of Derivatives)) (General Rules); and provisions of Article 45 (excluding items (iii) and (iv)) (Miscellaneous Provisions) of the Financial Instruments and Exchange Act apply mutatis mutandis to a bank's conclusion of a contract for specified deposit, etc. (meaning a contract for the acceptance of specified deposits, etc. (meaning those that are specified by Cabinet Office Order as deposits or installment savings, etc. that carry the risk of a loss of the principal due to fluctuations in the money rate, value of currencies, quotations on a financial instruments market as defined in Article 2, paragraph (14) of that Act, or any other index); the same applies hereinafter). In such a case, the term "financial instruments transaction contract" in these provisions is deemed to be replaced with "contract for specified deposit, etc."; the term "financial instruments business" in these provisions is deemed to be replaced with "services involved in entering into a contract for specified deposit, etc."; the phrase "act that constitutes a financial instruments transaction" in these provisions (excluding the provisions of Article 34 of that Act) is deemed to be replaced with "conclusion of a contract for specified deposit, etc."; the phrase "contract for the financial instruments business operator, etc. to perform an act that constitutes a financial instruments transaction (meaning an act set forth in the items of Article 2, paragraph (8); the same applies hereinafter) with the customer as the other party or on behalf of the customer" in Article 34 of that Act is deemed to be replaced with "contract for specified deposit, etc. prescribed in Article 13-4 of the Banking Act"; the term "must be delivered" in Article 37-3, paragraph (1) of that Act is deemed to be replaced with "in addition to the delivery, in order to contribute to the protection of depositors, etc. (meaning depositors, etc. as defined in Article 2, paragraph (5) of the Banking Act; hereinafter the same applies in this paragraph), must provide the customer with information on the content of the contract for specified deposit, etc. and other information that is to serve as a reference to the depositors, etc.

pursuant to the provisions of Cabinet Office Order"; the phrase in Article 39, paragraph (1), item (i) of that Act, "a purchase and sale or other transaction of securities (excluding a purchase and sale with a repurchase requirement and a predetermined repurchase price, and other transactions specified by Cabinet Order) or a derivatives transaction (hereinafter referred to as a "purchase and sale or other transaction of securities, etc." in this Article)" is deemed to be replaced with "the entry into a contract for specified deposit, etc.", the phrase "securities or derivatives transaction (hereinafter referred to as 'securities, etc.' in this Article)" is deemed to be replaced with "contract for specified deposit, etc.", the phrase "customer (if a trust company, etc. (meaning a trust company or a financial institution that has obtained the authorization referred to in Article 1, paragraph (1) of the Act on Engagement in Trust Business Activities by Financial Institutions; the same applies hereinafter) conducts the purchase and sale of securities or a derivatives transaction on the account of a person that establishes a trust based on a trust contract, this includes the person that establishes the trust; hereinafter the same applies in this Article)" is deemed to be replaced with "customer", and the phrase "to supplement its profits" is deemed to be replaced with "to supplement its profits, other than as under the contract for specified deposit, etc."; in Article 39, paragraph (1), item (ii) of that Act, the term "a purchase and sale or other transaction of securities, etc." is deemed to be replaced with "the conclusion of a contract for specified deposit, etc.", the term "securities, etc." is deemed to be replaced with "contract for specified deposit, etc." and the phrase "in order to add to the profit" is deemed to be replaced with "in order to add to the profit that the customer has accrued in connection with those securities, etc., other than as under the specified deposit, etc. contract"; in item (iii) of that paragraph, the term "purchase and sale or other transactions of securities, etc." is deemed to be replaced with "the entry into a contract for specified deposit, etc.", in paragraph (2) of that Article, the term "a purchase and sale or other transaction of securities, etc." is deemed to be replaced with "the conclusion of a contract for specified deposit, etc."; in paragraph (2) of that Article, the phrase "which is specified by Cabinet Office Order as a potential cause of" is deemed to be replaced with "which is a potential cause of"; in Article 45, item (ii) of that Act the phrase "Articles 37-2 through 37-6; Article 40-2, paragraph (4); and Article 43-4" is deemed to be replaced with "Article 37-3 (limited to the part related to delivery of a document set forth in paragraph (1) and excluding items (ii) and (vi) of that paragraph and paragraph (3)); Article 37-4; and Article 37-6"; and any other necessary technical replacement of terms is specified by Cabinet Order.

(Granting of Credit to Directors)

Article 14 (1) A bank must not grant credit to the director or executive officer of the bank under terms and conditions that are disadvantageous to the bank in light of the normal terms and conditions under which the bank grants credit.

(2) In applying the provisions of Article 369, paragraph (1) (Resolution of Board of Directors Meetings) of the Companies Act to the approval by the board of directors under Article 356, paragraph (1) (Restrictions on Competition and Conflicting Interest Transactions) of that Act as applied following the deemed replacement of the terms pursuant to Article 365, paragraph (1) (Restrictions on Competition and Transactions with Companies with Board of Directors) of that Act and to the approval by the board of directors under Article 356, paragraph (1) of that Act as applied mutates mutandis pursuant to Article 419, paragraph (2) (Executive Officer's Duty to Report to Audit Committee Members) of that Act when a bank director or executive officer is granted credit by that bank, the term "the majority (when a higher percentage is specified in the articles of incorporation, percentage higher than that percentage)" in that paragraph is deemed to be replaced with "at least a two-thirds majority (when a higher percentage is specified in the articles of incorporation, that percentage)".

(Ensuring Sound Management)

Article 14-2 In order to contribute to the sound management of a bank's services, the Prime Minister may establish the following criteria and other criteria as the criteria for a bank to use in determining the soundness of its management:

- (i) criteria on whether the adequacy of equity capital of the bank is appropriate in light of the assets owned by that bank, etc.; and
- (ii) criteria on whether the adequacy of equity capital of the bank, its subsidiary company, and other companies which has a unique relationship with the bank as specified by Cabinet Office Order (hereinafter referred to as a "subsidiary company, etc." in this item, Chapter III, and Chapter IV), are appropriate in light of the assets owned by the bank and its subsidiary companies, etc.

(Non-Business Days and Business Hours)

Article 15 (1) A bank's non-business days are limited to Sundays and other days specified by Cabinet Order.

(2) A bank's business hours are specified by Cabinet Office Order in consideration of the status of financial transactions, etc.

(Temporary Suspension of Business)

Article 16 (1) Except in cases specified by Cabinet Office Order, if a bank temporarily suspends all or part of services at its business office due to a

natural disaster or any other compelling reasons, it must immediately file a notification with the Prime Minister of that fact with the reasons attached, as well as issue public notice of that fact and post the fact at that business office, pursuant to the provisions of Cabinet Office Order. The same applies if a bank resumes all or part of its services at a business office where it has temporarily suspended all or part of its services.

- (2) Notwithstanding the provisions of the preceding paragraph, the public notice pursuant to the provisions of that paragraph is not required if a bank temporarily suspends all or part of its services at an unmanned business office, and in any other case specified by Cabinet Office Order.
- (3) Notwithstanding the provisions of paragraph (1), the posting at the business office pursuant to the provisions of that paragraph is not required if a bank temporarily suspends part of its services at an unmanned business office or in any other case specified by Cabinet Office Order.

## **Chapter II-2 Subsidiary Companies**

(Scope of a Bank's Subsidiary Companies)

Article 16-2 (1) A bank must not have a company other than the following companies (hereinafter referred to as a "company eligible to be a subsidiary company" in this Article and paragraph (1) of the following Article) as its subsidiary company:

(i) a bank;

(ii) a long-term credit bank;

(ii)-2 a funds transfer service provider as defined in Article 2, paragraph (3) (Definitions) of the Payment Services Act (Act No. 59 of 2009) (excluding a funds transfer service provider falling under a company set forth in item (vii)) which exclusively engages in funds transfer services (meaning funds transfer services as defined in paragraph (2) of that Article) or services specified by Cabinet Office Order (referred to as a "company specializing in fund transfers" in Article 52-23, paragraph (1), item (i)-2);

(iii) a financial instruments business operator that, in addition to securities-related services (meaning securities-related services as defined in Article 28, paragraph (8) (General Rules) of the Financial Instruments and Exchange Act; the same applies hereinafter), exclusively engages in services of conducting the actions set forth in items (i) through (viii) of Article 35, paragraph (1) (Scope of Services for Persons Engaged in Type-I Financial Instruments Business or Investment Management Business) of that Act and other services specified by Cabinet Office Order (referred to as a "company specializing in securities" in item (xi), sub-item (b), and Article 52-23, paragraph (1), item (ii), and item (x), sub-item (b));

- (iv) a financial instruments intermediary service provider as defined in Article 2, paragraph (12) (Definitions) of the Financial Instruments and Exchange Act which, in addition to financial instruments intermediary services (meaning financial instruments intermediary services as defined in Article 2, paragraph (11) (Definitions) of that Act and limited to services through which it performs the actions set forth in any of the following sub-items; hereinafter the same applies in this item), exclusively engages in services incidental to financial instruments intermediary service and other services specified by Cabinet Office Order (referred to as a "company specializing in securities intermediation" in item (xi), sub-item (b) and Article 52-23, paragraph (1), item (iii) and item (x), sub-item (b));
  - (a) actions set forth in Article 2, paragraph (11), item (i) of the Financial Instruments and Exchange Act;
  - (b) intermediation for entrusting a person with the purchase and sale of securities on a financial instruments exchange market as defined in Article 2, paragraph (17) of the Financial Instruments and Exchange Act, or on a foreign financial instruments market as defined in Article 2, paragraph (8), item (iii), (b) of that Act (other than actions set forth in sub-item (c));
  - (c) acting as intermediary for entrusting a person with the action set forth in Article 28, paragraph (8), item (iii) or (v) of the Financial Instruments and Exchange Act; and
  - (d) actions set forth in Article 2, paragraph (11), item (iii) of the Financial Instruments and Exchange Act.
- (iv)-2 a financial service intermediary as defined in Article 11, paragraph (6) (Definitions) of the Act on the Provision of Financial Services (Act No. 101 of 2000) which, in addition to securities, etc. intermediary business operations (meaning securities, etc. intermediary business operations as defined in paragraph (4) of that Article, and limited to services through which it performs the actions set forth in any of the following sub-items; hereinafter the same applies in this item), exclusively engages in services incidental to securities, etc. intermediary business operations and other services specified by Cabinet Office Order:
  - (a) actions set forth in Article 11, paragraph (4), item (i) of the Act on the Provision of Financial Services;
  - (b) actions set forth in Article 11, paragraph (4), item (ii) of the Act on the Provision of Financial Services (limited to acts that fall under those set forth in sub-item (b) or (c) of the preceding item); and
  - (c) actions set forth in Article 11, paragraph (4), item (iii) of the Act on the Provision of Financial Services;
- (v) an insurance company;
- (v)-2 a small amount and short term insurer as defined in Article 2, paragraph

- (18) (Definitions) of the Insurance Business Act (referred to as a "small amount and short term insurer" in item (xi), sub-item (b) and Article 52-23, paragraph (1), item (iv)-2, and item (x), sub-item (b));
- (vi) a trust company as defined in Article 2, paragraph (2) (Definitions) of the Trust Business Act (Act No. 154 of 2004) which exclusively engages in trust business (meaning trust business as prescribed in Article 1, paragraph (1) (Authorization for Trust Business) of the Act on Engagement in Trust Business Activities by Financial Institutions (Act No. 43 of 1943; referred to as "Act on Trust Business by Financial Institutions" in item (xi), (b)); the same applies hereinafter) (referred to as a "company specializing in trust business" in sub-item (b) of that item and Article 52-23, paragraph (1), item (v) and item (x), sub-item (b));
- (vii) a foreign company engaging in banking;
- (viii) a foreign company engaging in securities-related services (other than one that falls under the company set forth in the preceding item);
- (ix) a foreign company engaging in insurance business (meaning insurance business as defined in Article 2, paragraph (1) of the Insurance Business Act; the same applies hereinafter) (other than one that falls under the company set forth in item (vii));
- (x) a foreign company engaging in trust business (meaning trust business as defined in Article 2, paragraph (1) of the Trust Business Act; the same applies hereinafter) (other than one that falls under the company set forth in item (vii));
- (xi) a company that exclusively performs the following services (for a company that performs the services set forth in sub-item (a), limited to the relevant bank, its subsidiary company (limited to a company set forth in items (i) through (ii)-2 and item (vii)), or those performing services for any other entity specified by Cabinet Office Order as being similar to the bank or its subsidiary company):
- (a) dependent services; and
- (b) finance-related services (excluding specialized securities-related services if the bank does not have any company specialized in securities, company specialized in securities intermediation, or foreign company engaging in securities services as its subsidiary company; excluding specialized insurance-related services if the bank does not have any insurance company, small amount and short term insurer, or foreign company engaging in insurance business as its subsidiary company; and excluding specialized trust-related services if the bank does not have any trust bank (meaning a bank engaging in trust business with authorization referred to in Article 1, paragraph (1) of the Act on Trust Business by Financial Institutions; hereinafter the same applies in (b), and Article 52-23,

- paragraph (1), item (x), (b)), company specialized in trust business, or foreign company engaging in trust business as its subsidiary company);
- (xii) a company specified by Cabinet Office Order as one that is developing a new field of business (only when the combined number of voting rights in that company that are held by the bank or its subsidiary company other than the company set forth in the preceding item that is specified by Cabinet Office Order (referred to as a "specified subsidiary company" in the following item, item (xiv) and Article 16-4, paragraphs (7) and (8)) does not exceed the maximum threshold for voting rights (meaning the maximum threshold for voting rights prescribed in Article 16-4, paragraph (1); hereinafter the same applies in this Article); and
- (xiii) a company specified by Cabinet Office Order as one that is engaged in new business activities that are found to contribute considerably to the improvement of management (for a company that fails to meet the requirements specified by Cabinet Office Order in relation to its business plan or any measures based on that plan (referred to as "company under special business revitalization process" in Article 16-4, paragraphs (1) and (7)), only when the number of voting rights in that company that are held by the bank or by its subsidiary company other than a specified subsidiary company does not exceed the maximum threshold for voting rights when the voting rights are combined);
- (xiv) a company specified by Cabinet Office Order as one that is engaged in business activities that are found to contribute to regional development (only when the number of voting rights in that company that are held by the bank or by its subsidiary company other than a specified subsidiary company does not exceed the maximum threshold for voting rights when the voting rights are combined);
- (xv) in addition to a company set forth in the preceding items, a company that engages in services that contribute to or are expected to contribute to increased sophistication in the banking conducted by the bank or to enhanced convenience for bank users through the use of information and telecommunications technology or other technologies, or services that contribute to or are expected to contribute to regional development, improvement of industrial productivity and other services for building a sustainable society;
- (xvi) a holding company specified by Cabinet Office Order, which has only a company eligible to be a subsidiary company as its subsidiary company (including a company that is planned to become such a holding company); and
- (xvii) a foreign company that has only a company eligible to be a subsidiary company as its subsidiary company, which is of the same type as a holding

- company or is similar to a holding company (including a company that is planned to become such a company, and excluding a company that falls under the company set forth in the preceding item).
- (2) The meaning of the terms set forth in the following items as used in the preceding paragraph are as prescribed respectively in those items:
- (i) dependent services: services specified by Cabinet Office Order as being dependent on the services performed by a bank or by a company set forth in items (ii) through (x) of the preceding paragraph;
  - (ii) finance-related services: services specified by Cabinet Office Order as being incidental or related to banking, securities-related services, insurance business, or trust business;
  - (iii) specialized securities-related services: services specified by Cabinet Office Order as being incidental or related exclusively to securities-related services;
  - (iv) specialized insurance-related services: services specified by Cabinet Office Order as being incidental or related exclusively to insurance business;
  - (v) specialized trust-related services: services specified by Cabinet Office Order as being incidental or related exclusively to trust business.
- (3) The provisions of paragraph (1) do not apply if a domestic company other than a company eligible to be a subsidiary company becomes a subsidiary company of a bank through the acquisition of shares or equity by the bank or its subsidiary company due to the enforcement of a security right, through the acquisition of shares or equity in a company set forth in items (xii) through (xiv) of that paragraph by the bank or its subsidiary company, or due to other grounds specified by Cabinet Office Order; provided, however, that the bank must take measures that is required to be taken so that the company that has become its subsidiary company will no longer be its subsidiary company by the last day of the one-year period that begins on the date on which the grounds (excluding the grounds of acquisition of shares or equity in a company set forth in items (xii) through (xiv) of that paragraph by the bank or its subsidiary company or any other grounds specified by Cabinet Office Order) arose.
- (4) Unless a bank obtains authorization for a merger, company split, or business acquisition pursuant to the provisions of Article 30, paragraphs (1) through (3) of this Act or Article 5, paragraph (1) (Authorization) of the Act on Financial Institutions' Merger and Conversion (Act No. 86 of 1968), the bank must obtain the authorization by the Prime Minister in advance, when seeking to make a company set forth in paragraph (1), items (i) through (xi) or items (xv) through (xvii) (other than a company that exclusively engages in dependent services (meaning dependent services as defined in paragraph (2), item (i)) or services specified by Cabinet Office Order as being incidental or related exclusively to banking; such a company is referred to as a "bank, etc. eligible to be a subsidiary company" in this Article and Article 16-4, paragraph (4), item (i),

Article 53, paragraph (1), item (iii), and Article 65, item (vi)) its subsidiary company (or, in the case of a company set forth in paragraph (1), item (xv) (excluding a company specified by Cabinet Office Order), when the bank or its subsidiary company seeks to acquire or hold voting rights in that company that exceed the maximum threshold for voting rights when the voting rights are combined).

- (5) The provisions of the preceding paragraph do not apply if a bank, etc. eligible to be a subsidiary company becomes the subsidiary company of a bank (for a company set forth in paragraph (1), item (xv) (excluding a company specified by Cabinet Office Order that is prescribed in the preceding paragraph), the company in which the bank or its subsidiary companies hold a number of voting rights that exceed the maximum threshold for voting rights when the voting rights are combined; hereinafter the same applies in this paragraph) through a bank's or its subsidiary company's acquisition of shares or equity due to the enforcement of a security right or any other grounds specified by Cabinet Office Order; provided, however, that unless the bank obtains the authorization by the Prime Minister to continue to have as its subsidiary company the bank, etc. eligible to be a subsidiary company that has become its subsidiary company, the bank must take the measures that is required to be taken so that the bank, etc. eligible to be a subsidiary company will no longer be its subsidiary company by the last day of the one-year period that begins on the date on which the grounds arose.
- (6) Notwithstanding the provisions of paragraph (1), if a bank falls under any of the following items, the bank may have a foreign company not eligible to be a subsidiary company as its subsidiary company until the last day of the ten-year period that begins on the date on which the foreign company not eligible to be a subsidiary company has become its subsidiary company,:
- (i) if the bank comes to have a foreign company not eligible to be a subsidiary company as its subsidiary company due to making a foreign company eligible to be a subsidiary company that actually has a foreign company not eligible to be a subsidiary company as its subsidiary company (meaning one of the companies set forth in paragraph (1), items (vii) through (xi) and item (xv) (for the company set forth in item (xi) or item (xv), limited to a foreign company), a holding company (limited to a company that has a company eligible to be a subsidiary company as its subsidiary company; referred to as a "special holding company" in Article 16-4, paragraph (1)) or a foreign company that is the same type as a holding company or that is similar to a holding company (limited to a foreign company that has a company eligible to be a subsidiary company as its subsidiary company, and excluding a holding company); the same applies in this Article), or a foreign specified finance-related services company (meaning a foreign company mainly engaging in

- financial services (meaning finance-related services as defined in paragraph (2), item (ii); the same applies in paragraph (9) and Article 52-23) which is specified by Cabinet Office Order; and excluding a company set forth in paragraph (1), item (xi); hereinafter the same applies in this Article and paragraph (1) of the following Article) as its subsidiary company; and
- (ii) if the foreign company not eligible to be a subsidiary company is a foreign specified finance-related services company (excluding the case set forth in the preceding item).
- (7) The provisions of paragraph (4) apply mutatis mutandis if a bank seeks to make a foreign specified finance-related services company (if the bank seeks to make a bank, etc. eligible to be a subsidiary company or another foreign specified finance-related services company its subsidiary company, excluding a company that the bank, etc. eligible to be a subsidiary company or the other foreign specified finance-related services company actually has as its subsidiary company) its subsidiary company.
- (8) Notwithstanding the provisions of paragraph (1), in a case falling under any of the items of paragraph (6), if a bank obtains the approval of the Prime Minister, the bank may continue to have a foreign company not eligible to be subsidiary company subject to the approval as its subsidiary company beyond the period referred to in paragraph (6).
- (9) The Prime Minister is to give the approval referred to in the preceding paragraph in the case falling under any of the following items:
- (i) in light of securing competitiveness of a foreign company eligible to be a subsidiary company (limited to a company set forth in paragraph (1), items (vii) through (xi) and item (xv); the same applies in the following item) or a foreign specified finance-related services company that a bank actually has as its subsidiary company (for a foreign specified finance-related services company, limited to competitiveness in finance-related services performed by the foreign specified finance-related services company; the same applies in item (xv)) or any other circumstances, it is found to be necessary for the bank to continue to have a foreign company not eligible to be a subsidiary company (excluding a foreign specified finance-related services company) as its subsidiary company; or
- (ii) in light of securing competitiveness of a foreign company eligible to be a subsidiary company or a foreign specified finance-related services company that a bank actually has as its subsidiary company or any other circumstances, it is found to be necessary for a foreign company not eligible to be a subsidiary company to continue to perform services other than finance-related services.
- (10) If a bank falls under any of the following items, the Prime Minister may extend the period referred to in paragraph (6) or the period extended pursuant

to the provisions of this paragraph, for a period not exceeding one year, upon application by the bank:

- (i) it is found that there is a compelling reason for the bank being unable to take measures that is required to be taken so that the foreign company not eligible to be a subsidiary company which the bank has as its subsidiary company will no longer be its subsidiary company by the last day of the period referred to in paragraph (6) or the period extended pursuant to the provisions of this paragraph, in light of the situation of the financial market or capital market in the country where the head office or principal office of the foreign company not eligible to be a subsidiary company that the bank actually has its subsidiary company is located or where the head office or principal office of the company eligible to be a subsidiary company that actually has that foreign company as its subsidiary company is located; and
  - (ii) it is found that there is a compelling reason for the bank to continue to have as its subsidiary company a foreign company not eligible to be a subsidiary company which the bank actually has as its subsidiary company, in order to execute the business of a foreign company eligible to be a subsidiary company or foreign specified finance-related services company which the bank has made its subsidiary company.
- (11) Notwithstanding the provisions of paragraph (1), if a foreign company eligible to be a subsidiary company or a foreign specified finance-related services company which a bank actually has as its subsidiary company seeks to make a foreign company not eligible to be a subsidiary company (excluding a foreign specified finance-related services company; hereinafter the same applies in this paragraph) its subsidiary company, and the bank obtains the authorization by the Prime Minister, the bank may make the foreign company not eligible to be a subsidiary company subject to the authorization its subsidiary company.
- (12) The provisions of paragraph (1), paragraph (6), paragraph (7) and the preceding paragraph do not apply if a foreign company not eligible to be a subsidiary company becomes a subsidiary company of a bank through a bank's or its subsidiary company's acquisition of shares or equity due to the enforcement of a security right, through a bank's or its subsidiary company's acquisition of shares or equity in a company set forth in paragraph (1), items (xii) through (xiv), or due to any other grounds specified by Cabinet Office Order; provided, however, that unless the bank obtains the authorization by the Prime Minister to continue to have as its subsidiary company the foreign company not eligible to be a subsidiary company that has become its subsidiary company (excluding the bank, etc. eligible to be a subsidiary company that has become the bank's subsidiary company or a foreign specified finance-related services company which another foreign specified finance-related services

company actually has as its subsidiary company), the bank must take measures that is required to be taken so that the foreign company not eligible to be a subsidiary company will no longer be its subsidiary company by the last day of the one-year period that begins on the date on which the grounds (excluding a bank's or its subsidiary company's acquisition of shares or equity in a company set forth in items (xii) through (xiv) of that paragraph or any other grounds specified by Cabinet Office Order) arose.

(13) The provisions of paragraph (4) apply mutatis mutandis if the bank seeks to make a company set forth in one of the items of paragraph (1) which it actually has as its subsidiary company a subsidiary company that falls under a company set forth in other items of that paragraph (limited to a bank, etc. eligible to be a subsidiary company), or if the bank seeks to make a company set forth in item (xv) of that paragraph (limited to a company specified by Cabinet Office Order as one whose services are found not to have a serious risk of unjustly impairing the interests of the customers in relation to the services of the bank or the company set forth in item (xv) of that paragraph and as one that satisfies other requirements) which it actually has as a subsidiary company its subsidiary company that falls under a company referred to in that item (excluding the company specified by Cabinet Office Order).

(14) Notwithstanding the provisions of paragraph (1), in the case falling under any of the following items, if a bank obtains the approval of the Prime Minister, the bank may continue to have the foreign company not eligible to be subsidiary company subject to the approval as its subsidiary company:

(i) the bank seeks to make the company set forth in paragraph (1), item (xi) which it actually has as its subsidiary company a foreign specified finance-related services company; or

(ii) the bank seeks to make a foreign company which it actually has as its subsidiary company (limited to a company eligible to be a subsidiary company) a foreign company not eligible to be a subsidiary company (excluding the case set forth in paragraph (6), item (ii), the cases prescribed in paragraph (11) and the main clause of paragraph (12), and the case set forth in the preceding item).

(15) The provisions of paragraph (9) apply mutatis mutandis to the approval referred to in the preceding paragraph.

(16) If a bank comes to know that a company eligible to be a subsidiary company in which the bank or its subsidiary companies hold a number of voting rights that exceeds the maximum threshold for voting rights when the voting rights are combined (other than a subsidiary company of that bank or a company set forth in paragraph (1), item (xv) (excluding a company specified by Cabinet Office Order; hereinafter the same applies in this paragraph)) has become a company set forth in that item and any other facts specified by Cabinet Office

Order, the bank must take the measures required to be taken so that the company set forth in that item will no longer be a company in which the bank or its subsidiary companies hold a number of voting rights which exceeds the maximum threshold for voting rights held by the last day of the one-year period that begins on the date on which the bank has come to know that fact when the voting rights are combined, unless the bank obtains the authorization by the Prime Minister to continue to hold voting rights exceeding the maximum threshold for voting rights.

(Business Management of a Bank Group by a Bank)

Article 16-3 (1) A bank (limited to one that has a company eligible to be a subsidiary company or a foreign specified finance-related services company as its subsidiary company and that is not a subsidiary company of any other bank or bank holding company) must perform business management of the bank group (meaning a group consisting of that bank and its subsidiary companies; the same applies in the following paragraph) to which it belongs.

(2) The term "business management" as used in the preceding paragraph means the following actions:

- (i) formulating the bank group's basic management policy or any other policy specified by Cabinet Office Order as being equivalent to the policy, and ensuring its proper implementation;
- (ii) undertaking the necessary coordination when there is a conflict of interest among the companies that belong to the bank group;
- (iii) developing systems specified by Cabinet Office Order as being necessary for ensuring that the execution of the bank group's services complies with laws and regulations; and
- (iv) beyond what is set forth in the preceding three items, actions specified by Cabinet Office Order as those contributing to ensuring the sound and appropriate management of the bank group's services.

(Restriction on Acquisition of Voting Rights by a Bank)

Article 16-4 (1) It is prohibited for a bank or its subsidiary company to acquire or hold voting rights in a domestic company (other than a company set forth in Article 16-2, paragraph (1), items (i) through (vi), item (xi), item (xiii), item (xv), and item (xvi) (for the company set forth in item (xiii) of that paragraph, excluding a company under special business revitalization process), a special holding company (limited to one which the bank has as its subsidiary company) and a company subject to special provisions; hereinafter the same applies in the following paragraph through paragraph (6)) that cause their voting rights to exceed the maximum threshold for voting rights when the voting rights are combined (meaning the number of voting rights that accounts for five percent

of the total shareholder or investor voting rights in the domestic company; the same applies in this Article and Article 65, item (vi)).

- (2) The provisions of the preceding paragraph do not apply if a bank or its subsidiary companies come to acquire or hold voting rights in a domestic company in excess of the maximum threshold for voting rights through their acquisition of shares or equity due to the enforcement of a security right or any other cause specified by Cabinet Office Order; provided, however, that unless the bank obtains the approval of the Prime Minister in advance, it is prohibited for the bank or its subsidiary companies to continue to hold the part of the voting rights that they have come to acquire or hold in excess of the maximum threshold for voting rights when the voting rights are combined, after one year has passed since the day on which they came to acquire or hold those voting rights.
- (3) In the case referred to in the proviso to the preceding paragraph, a part of voting rights in a domestic company that a bank or its subsidiary companies have come to acquire or hold more than fifty percent of the total shareholder or investor voting rights in that company when the voting rights are combined is to be treated as not being subject to the approval referred to in the preceding paragraph that the Prime Minister gives; and if the Prime Minister gives the approval referred to in the preceding paragraph, this must be made on condition that the bank or its subsidiary companies promptly dispose the part of the voting rights that they have come to acquire or hold that exceed the maximum threshold for voting rights when combined.
- (4) Notwithstanding the provisions of paragraph (1), in the case set forth in one of the following items, even if the voting rights in a domestic company that a bank or its subsidiary companies are to hold on the day prescribed in the relevant item exceed the maximum threshold for voting rights, the bank or its subsidiary companies may hold those voting rights in excess of the maximum threshold for voting rights, from that day forward; provided, however, that the Prime Minister must not grant the authorization provided for in the following items (or the license, in the case falling under item (vi); the same applies in the following paragraph) if, in the case set forth in those items, the bank or its subsidiary companies come to hold more than fifty percent of the total shareholder or investor voting rights in a domestic company when the voting rights are combined:
  - (i) the bank makes a bank, etc. eligible to be a subsidiary company its subsidiary company by obtaining the authorization referred to in Article 16-2, paragraph (4) (limited to the case specified by Cabinet Office Order): the day on which the bank, etc. becomes its subsidiary company;
  - (ii) the bank is incorporated in a merger by obtaining the authorization referred to in Article 30, paragraph (1) of this Act or Article 5, paragraph (1)

- (Authorization) of the Act on Financial Institutions' Merger and Conversion: the day it is incorporated;
- (iii) the bank implements a merger by obtaining the authorization referred to in Article 30, paragraph (1) of this Act or Article 5, paragraph (1) of the Act on Financial Institutions' Merger and Conversion (only when the bank survives the merger): the day it implements the merger;
  - (iv) a company incorporated in a joint incorporation-type company split by obtaining the authorization referred to in Article 30, paragraph (2) obtains the license referred to in Article 4, paragraph (1) and becomes a bank: the day it obtains the license;
  - (v) the bank succeeds to a business in an absorption-type company split by obtaining the authorization referred to in Article 30, paragraph (2) (limited to a case specified by Cabinet Office Order): the day the absorption-type company split is implemented; and
  - (vi) the bank makes a business acquisition by obtaining the authorization referred to in Article 30, paragraph (3) (limited to the case specified by Cabinet Office Order): the day it makes the business acquisition.
- (5) When granting the authorization provided for in the items of the preceding paragraph, the Prime Minister must grant the authorization on condition that the bank or its subsidiary company dispose of the part of the voting rights in the domestic company that it is to hold on the day specified in the relevant item which exceeds the maximum threshold for voting rights when the voting rights are combined, in accordance with the criteria specified by the Prime Minister, by the last day of the five-year period that begins on that day.
- (6) If a bank or its subsidiary companies come to hold a number of voting rights in a domestic company that exceeds the maximum threshold for voting rights when the voting rights are combined, the bank is deemed to be the one that has acquired or that holds the part of the voting rights that is in excess.
- (7) In the case referred to in one of the preceding paragraphs, a specified subsidiary company is deemed not to fall under the subsidiary company of a bank with respect to the acquisition or holding of voting rights in a company set forth in Article 16-2, paragraph (1), item (xii), a company under special business revitalization process, or a company set forth in item (xiv) of that paragraph.
- (8) The term "company subject to special provisions" as used in paragraph (1) means a company specified by Cabinet Office Order as a company engaged in business activities that is found to contribute to regional development (only when the company that does not fall under the company set forth in Article 16-2, paragraph (1), item (xiv) and the number of voting rights in that company that are held by the bank or its subsidiary companies other than specified subsidiary companies does not exceed the maximum threshold for voting rights

when the voting rights are combined) and a company that has a unique relationship specified by Cabinet Office Order with the company set forth in paragraph (1), items (xii) through (xiv) of that Article (limited to a company that is a subsidiary company of the bank).

(9) The provisions of Article 2, paragraph (11) apply mutatis mutandis to voting rights that a bank or its subsidiary company acquires or holds in the case referred to in the preceding paragraphs.

### **Chapter III Accounting**

(Business Year)

Article 17 The business year of a bank is from April 1 to March 31 of the following year.

(Amount of Capital Reserves and Retained Earnings Reserves)

Article 18 Notwithstanding the provisions of Article 445, paragraph (4) (Amount of Stated Capital and Amount of Reserves) of the Companies Act, if a bank pays the dividend of surplus, it must allocate an amount arrived at when the amount of surplus to be reduced as a result of the payment of those dividends of surplus is multiplied by one-fifth as the capital reserves or retained earnings reserves, pursuant to the provisions of Cabinet Office Order.

(Business Reports)

Article 19 (1) Each business year, a bank must prepare an interim business report for the interim period of the business year (meaning the period from April 1 to September 30 of the business year; the same applies hereinafter) that is a part of the relevant business year which states the status of business and property, and a business report for the entire business year, and submit those reports to the Prime Minister.

(2) If a bank has a subsidiary company, etc., each business year, in addition to the reports referred to in the preceding paragraph, the bank must prepare an interim business report for the interim period of the business year that is a part of the relevant business year which states the status of business and property of that bank and its subsidiary companies, etc. on a consolidated basis, and a business report for the entire business year which states the status of business and property on a consolidated basis, and submit those reports to the Prime Minister.

(3) The particulars to be stated in the reports referred to in the preceding two paragraphs, the due dates for submission, and other necessary particulars concerning those reports is specified by Cabinet Office Order.

(Public Notice of Balance Sheets)

- Article 20 (1) Each business year, a bank must prepare a balance sheet and a profit and loss statement for the interim period of the business year that is a part of the relevant business year (hereinafter referred to as an "interim balance sheet, etc." in this Article) and a balance sheet and a profit and loss statement for the entire business year (hereinafter referred to as a "balance sheet, etc." in this Article), pursuant to the provisions of Cabinet Office Order.
- (2) If a bank has a subsidiary company, etc., each business year, in addition to an interim balance sheet, etc. and a balance sheet, etc., the bank must prepare a balance sheet and a profit and loss statement for the interim period of the business year that is a part of the relevant business year in which entries for the bank and its subsidiary companies, etc. are made on a consolidated basis (hereinafter referred to as an "interim consolidated balance sheet, etc." in this Article), and prepare a balance sheet and a profit and loss statement for the entire business year in which it entries for the bank and its subsidiary companies, etc. are made on a consolidated basis (hereinafter referred to as a "consolidated balance sheet, etc." in this Article), pursuant to the provisions of Cabinet Office Order.
- (3) An interim balance sheet, etc., a balance sheet, etc., an interim consolidated balance sheet, etc., or a consolidated balance sheet, etc. may be prepared as an electronic or magnetic record (meaning a record prepared in an electronic form, magnetic form, or any other form that cannot be perceived by the human senses, which is specified by Cabinet Office Order as being used for information processing by computers; the same applies hereinafter).
- (4) Pursuant to the provisions of Cabinet Office Order, a bank must issue public notice of its interim balance sheet, etc. and its interim consolidated balance sheet, etc. within three months after the end of the relevant interim period of the business year, and of its balance sheet, etc. and its consolidated balance sheet, etc. within three months after the end of the relevant business year; provided, however, that if it is not possible for a bank to issue public notice of these documents within that three-month period due to compelling reasons, it may postpone the issuance of the public notice, with the approval of the Prime Minister.
- (5) Notwithstanding the provisions of the preceding paragraph, it is sufficient for a bank that uses the means of public notice (meaning a means of public notices prescribed in Article 2, item (xxxiii) (Definitions) of the Companies Act; the same applies hereinafter) set forth in Article 57, item (i), to issue public notice of the overview of the interim balance sheet, etc.; the balance sheet, etc.; the interim consolidated balance sheet, etc.; and the consolidated balance sheet, etc. pursuant to the provisions of Cabinet Office Order. In such a case, the provisions of the proviso to the preceding paragraph apply *mutatis mutandis*.

- (6) Pursuant to the provisions of Cabinet Office Order, a bank that is prescribed in the preceding paragraph may take a measure that uses electronic or magnetic means (meaning a means of using an electronic data processing system or using other information and communications technology that is specified by Cabinet Office Order; the same applies hereinafter) to make the information contained in the interim balance sheet, etc. and the interim consolidated balance sheet, etc. available to many and unspecified persons within three months after the end of the relevant interim period of the business year and the information contained in the balance sheet, etc. and the consolidated balance sheet, etc. available to many and unspecified persons within three months after the end of the relevant business year, for a continuous period of five years. In such cases, the bank is deemed to have issued the public notice under the provisions of paragraph (4).
- (7) The provisions of the preceding paragraphs do not apply to a bank that must submit an annual securities report to the Prime Minister pursuant to the provisions of Article 24, paragraph (1) (Submission of Annual Securities Reports) of the Financial Instruments and Exchange Act.

(Making Explanatory Documents on the Status of Business and Property of a Bank Available for Public Inspection)

- Article 21 (1) Each business year, a bank must prepare explanatory documents for the interim period of the business year that is a part of the relevant business year which states the particulars specified by Cabinet Office Order as pertinent to the status of its business and property, prepare explanatory documents for the entire business year which states those particulars, keep those documents at its business offices (other than unmanned business offices and other offices specified by Cabinet Office Order; the same applies in the following paragraph and paragraph (4)), and make them available for public inspection. The same applies to the documents prepared pursuant to the provisions of paragraph (1) of the preceding Article.
- (2) If a bank has a subsidiary company, etc., each business year, the bank must prepare explanatory documents for the interim period of the business year that is a part of the relevant business year which states the particulars specified by Cabinet Office Order as pertinent to the status of business and property of the bank and its subsidiary companies, etc., on a consolidated basis, prepare explanatory documents for the entire business year which states those particulars on a consolidated basis, keep those documents at its business offices together with the documents prepared pursuant to the provisions of the first sentence of the preceding paragraph, and make them available for public inspection. The same applies to the documents prepared pursuant to the provisions of paragraphs (1) and (2) of the preceding Article.

- (3) The explanatory documents for the interim period of the business year and those for the entire business year which are prescribed in the first sentence of paragraph (1) or the first sentence of the preceding paragraph may be prepared as electronic or magnetic records.
- (4) If the explanatory documents for the interim period of the business year and those for the entire business year which are prescribed in the first sentence of paragraph (1) or the documents provided for in the second sentence of that paragraph are prepared as electronic or magnetic records, the bank may take a measure that is specified by Cabinet Office Order as a measure that uses electronic or magnetic means to make the information recorded in an electronic or magnetic record available to many and unspecified persons, at its business offices. In such a case, the bank is deemed to have kept the explanatory documents for the interim period of the business year and those for the entire business year which are provided for in the first sentence of paragraph (1) or the documents provided for in the second sentence of that paragraph and made them available for public inspection, pursuant to the provisions of that paragraph.
- (5) The provisions of the preceding paragraph apply mutatis mutandis to the explanatory documents for the interim period of the business year and those for the entire business year that are prescribed in the first sentence of paragraph (2) and to the documents prescribed in the second sentence of that paragraph.
- (6) Beyond what is provided for in the provisions of the preceding paragraphs, Cabinet Order prescribes the necessary particulars for the application of those provisions, such as the period of time during which the documents referred to in paragraph (1) or (2) are made available for public inspection.
- (7) A bank must endeavor to disclose information that is to serve as a reference for the depositors or other customers to learn the status of business and property of the bank and its subsidiary companies, etc., in addition to the particulars prescribed in the preceding paragraphs.

(Particulars to be Stated in Business Reports)

Article 22 The particulars to be stated or recorded in the business reports and annexed detailed statements which a bank prepares pursuant to the provisions of Article 435, paragraph (2) (Preparation and Retention of Financial Statements) of the Companies Act, are specified by Cabinet Office Order.

(Denial of the Right of Shareholders to Inspect the Account Books)

Article 23 The provisions of Article 433 (Request to Inspect Account Books) of the Companies Act do not apply to the accounting books of a bank or materials related to them.

## Chapter IV Supervision

### (Making Reports or Submitting Materials)

- Article 24 (1) If the Prime Minister finds it to be necessary for ensuring the sound and appropriate management of a bank's services, the Prime Minister may ask a bank (including a bank agent that has the bank as its principal bank) to make a report or submit materials on the status of its business or property.
- (2) If the Prime Minister finds it to be particularly necessary for ensuring the sound and appropriate management of a bank's services, the Prime Minister, to the extent necessary, may ask the subsidiary corporation, etc. of the bank (meaning a subsidiary company, or a corporation that is specified by Cabinet Office Order as one whose management is controlled by a bank; the same applies in the following paragraph, paragraphs (2) and (5) of the following Article and Article 47, paragraph (2)) or a person that a bank has entrusted with its services (including a person further entrusted by that entrusted person (including entrustment at two or more degrees of separation from the original entrustment) and excluding a bank agent referred to in the preceding paragraph; the same applies in the following paragraph and paragraphs (2) and (5) of the following Article) to make a report or submit materials that is to serve as a reference on the status of business or property of the bank.
- (3) The subsidiary corporation, etc. of a bank or a person that a bank has entrusted with its services may refuse to make a report or submit materials pursuant to the provisions of the preceding paragraph if it has legitimate grounds for doing so.

### (On-Site Inspections)

- Article 25 (1) If the Prime Minister finds it to be necessary for ensuring the sound and appropriate management of a bank's services, the Prime Minister may have relevant officials enter the business office or other facilities of a bank (including a bank agent that has the bank as its principal bank), have those officials ask questions about the status of its business or property, and have them inspect its books, documents, and any other articles.
- (2) If an entry into facilities is to be made, and questioning or inspection is to be conducted pursuant to the provisions of the preceding paragraph and the Prime Minister finds it to be particularly necessary, the Prime Minister may, to the extent necessary, have relevant officials enter the facilities of a subsidiary corporation, etc. of the bank or the facilities of the person that the bank has entrusted with its services, have those officials ask questions about any particulars that are required to be asked in relation to the questioning or

inspection of the bank, and have them inspect its books, documents, and any other articles.

- (3) In the cases referred to in the preceding two paragraphs, the relevant officials must carry an identification card, and must present it if a person concerned requests them to do so.
- (4) The authority under paragraph (1) and paragraph (2) must not be construed as being granted for criminal investigation purposes.
- (5) The provisions of paragraph (3) of the preceding Article apply mutatis mutandis to the questioning and inspection under the provisions of paragraph (2) of the subsidiary corporation, etc. of a bank or of the person that a bank has entrusted with its services.

#### (Suspension of Services)

- Article 26 (1) If the Prime Minister finds it to be necessary for ensuring the sound and appropriate management of a bank's services in light of the status of business or property of a bank or the status of property of a bank and its subsidiary companies, etc., the Prime Minister may indicate to the bank the particulars for which the bank is required to take measures and the due date for taking them, ask the bank to submit an improvement plan for ensuring sound bank management, or order the bank to change the improvement plan that has been submitted, or may order the bank to suspend all or part of its services by setting a deadline, order the bank to deposit its assets, or order other measures that are necessary for supervision, to the extent necessary.
- (2) The order under the provisions of the preceding paragraph (including requesting a bank to submit an improvement plan) that is issued when it is found to be necessary in light of the adequacy of equity capital of a bank or that of a bank and its subsidiary companies, etc., must be an order specified by Cabinet Office Order or Ministry of Finance Order in accordance with the category of adequacy of equity capital of a bank or a bank and its subsidiary companies, etc. specified by Cabinet Office Order or Ministry of Finance Order.

#### (Revocation of Licenses)

- Article 27 If a bank violates laws and regulations, its articles of incorporation, or a disposition by the Prime Minister based on laws and regulations, or commits an act that harms the public interest, the Prime Minister may order the bank to suspend all or part of its services or to dismiss its director, executive officer, accounting advisor, company auditor, or accounting auditor, or may revoke the license referred to in Article 4, paragraph (1).

- Article 28 If the Prime Minister orders a bank to suspend all or part of its services pursuant to the provisions of the preceding two Articles, and finds it to

be necessary in light of the circumstances of the suspension of the services, the Prime Minister may revoke the license referred to in Article 4, paragraph (1).

(Retention of Assets in Japan)

Article 29 If the Prime Minister finds it to be necessary for protecting depositors, etc. or for public interest, the Prime Minister, to the extent necessary, may order a bank to retain the part of its assets specified by Cabinet Order in Japan, pursuant to the provisions of Cabinet Order.

## **Chapter V Mergers, Company Splits, or Business Transfers or Acquisitions**

(Authorization for a Merger, Company Split, or Business Transfer or Acquisition)

Article 30 (1) A merger in which banks are all or some of the parties (limited to one in which the surviving company or the company incorporated in the merger is a bank, and excluding a merger that falls under the merger pursuant to the provisions of Article 3 (Mergers) of the Act on Financial Institutions' Merger and Conversion; hereinafter referred to as a "merger" in this Chapter) does not become effective without the authorization by the Prime Minister.

(2) Except as specified by Cabinet Order, a company split to which a bank is a party does not become effective without the authorization by the Prime Minister.

(3) Except as specified by Cabinet Order, a business transfer or acquisition to which a bank is a party and which involves all or part of a business does not become effective without the authorization by the Prime Minister.

(4) If a bank acquires all or part of the business of a Shinkin bank, credit cooperative, or labor bank (including a federation consisting of those corporations; hereinafter referred to as a "Shinkin bank, etc." in this Chapter), the Shinkin bank, etc. is deemed to be a company and the provisions of Article 16 (Restriction on Business Acquisitions) of the Act on Prohibition of Private Monopolization and Maintenance of Fair Trade (Act No. 54 of 1947) and other related provisions of that Act apply.

Article 31 When an application is filed for the authorization referred to in the preceding Article, the Prime Minister must examine whether the following criteria are met:

(i) a merger, company split, or transfer or acquisition of all or part of a business, pursuant to the provisions of the preceding Article (hereinafter referred to as the "merger, etc." in this Article) is appropriate in light of the smooth supply and demand of funds and customer convenience in the region where the bank, etc. (meaning a bank or long-term credit bank; hereinafter

the same applies except in Article 52-60-2) or Shinkin bank, etc. which is party to the merger, etc. performs services (if a part of the business has been succeeded or is to be succeeded to in a company split or a part of the business is to be transferred or acquired, limited to the region in which that part of business is conducted);

(ii) it is unlikely that the merger, etc. is to disrupt the order of the financial system by impeding fair competition among financial institutions or in any other way; and

(iii) the bank filing the application for the authorization referred to in the preceding Article or the bank incorporated in the merger is fully expected to perform its services appropriately, fairly, and efficiently after the merger, etc.

(Deemed License)

Article 32 A company engaged in banking which is incorporated as a result of merger by obtaining the authorization referred to in Article 30, paragraph (1) is deemed to have obtained the license referred to in Article 4, paragraph (1) granted by the Prime Minister at the time of its incorporation.

(Demands for Objection by the Creditors in a Merger)

Article 33 If a bank passes a resolution for a merger, the bank is not required to make the demand under the provisions of Article 789, paragraph (2), Article 799, paragraph (2), or Article 810, paragraph (2) (Objection by the Creditors) of the Companies Act to depositors, etc. or other creditors specified by Cabinet Order.

(Demand for Objection by the Creditors in the Case of Company Split)

Article 33-2 (1) If a bank passes a resolution for a company split, the bank is not required to make the demand under the provisions of Article 789, paragraph (2), Article 799, paragraph (2), or Article 810, paragraph (2) (Objection by the Creditors) of the Companies Act to depositors, etc. or other creditors specified by Cabinet Order.

(2) The provisions of Article 759, paragraph (2) and paragraph (3) (Effectuation of an Absorption-Type Company Split Which Causes the Succession of Rights and Obligations by a Stock Company), Article 761, paragraph (2) and paragraph (3) (Effectuation of an Absorption-Type Company Split Which Causes the Succession of Rights and Obligations by a Membership Company), Article 764, paragraph (2) and paragraph (3) (Effectuation of an Incorporation-type Company Split by Which a Stock Company Is Established), and Article 766, paragraph (2) and paragraph (3) (Effectuation of an Incorporation-type Company Split by Which a Membership Company is Established) of the Companies Act do not apply to depositors, etc. or to the creditors specified by

Cabinet Order to which the demand for objection is not required to be made pursuant to the provisions of the preceding paragraph.

(Demand for Objection by the Creditors in the Case of Business Transfer or Acquisition)

Article 34 (1) If a resolution at a shareholders meeting is passed for a business transfer or acquisition to which a bank is party which involves all of a business (or a board of directors' resolution or a decision of the executive officers, if the bank's acquisition of all of the business is to be made without the resolution referred to in Article 467, paragraph (1) (Approval for the Assignment of Business) of the Companies Act pursuant to the provisions of Article 468 (Cases where Approval for the Assignment of Business Is Not Required) of that Act), within two weeks after the day of the resolution or decision, the bank must issue public notice in the Official Gazette that gives an overview of the resolution or the decision and indicate that a creditor who has an objection to the transfer or acquisition of all of the business is required to state the objection within a fixed period of time, and must issue a demand separately to each known creditor other than a depositor, etc. or a creditor specified by Cabinet Order.

(2) The period referred to in the preceding paragraph must not be less than one month.

(3) Notwithstanding the provisions of paragraph (1), if, in addition to issuing public notice referred to in that paragraph in the Official Gazette, a bank issues public notice using a means of public notice set forth in the items of Article 57 in accordance with the provisions of the articles of incorporation pursuant to the provisions of that Article, the bank is not required to issue the separate demands referred to in paragraph (1).

(4) If a creditor does not state an objection within the period referred to in paragraph (1), it is deemed that the creditor has accepted the transfer or acquisition of all of the business.

(5) If a creditor states an objection within the period referred to in paragraph (1), the bank must make payment or provide suitable collateral to the creditor, or must deposit suitable property with a trust company or other financial institutions engaging in trust business for the purpose of ensuring that the creditor will receive payment; provided, however, that this does not apply if the transfer or acquisition of all of the business is unlikely to harm the creditor.

Article 35 (1) If a resolution at a shareholders meeting or of board of directors has been passed, or a decision of the executive officers has been made for the transfer or acquisition of part of the business to which a bank is party, within two weeks after the day of the resolution or decision, the bank may issue public

notice in the Official Gazette that gives an overview of the resolution or the decision and indicate that a creditor who has an objection to the transfer or acquisition of part of the business is required to state the objection within a fixed period of time; provided, however, that the bank must issue a demand separately to each known creditor other than a depositor, etc. or a creditor specified by Cabinet Order.

- (2) The period referred to in the preceding paragraph must not be less than one month.
- (3) The provisions of paragraphs (3) through (5) of the preceding Article apply mutatis mutandis to the objection by a creditor that is subject to public notice or demand issued pursuant to the provisions of paragraph (1).

(Public Notice of Company Split or Business Transfer)

Article 36 (1) If a bank has all or part of its business succeeded to in a company split or transfers all or part of its business, the bank must issue public notice of this without delay.

- (2) If a bank whose means of public notice is the means set forth in Article 57, item (i) issues public notice pursuant to the preceding paragraph, notice is deemed to have been given to the creditors of the bank issuing that public notice, through an instrument bearing a fixed date pursuant to the provisions of Article 467 (Requirement of Perfection upon Assignment of Claim) of the Civil Code. In such a case, the date of the public notice is deemed to be the fixed date.

## **Chapter VI Business Discontinuation and Dissolution**

(Authorization for Business Discontinuation and Dissolution)

Article 37 (1) The following particulars do not become effective without the authorization by the Prime Minister:

- (i) a resolution at a shareholders meeting to amend the articles of incorporation concerning the discontinuation of banking;
  - (ii) a merger in which banks are all or some of the parties (other than a merger prescribed in Article 30, paragraph (1) or a merger that falls under a merger pursuant to the provisions of Article 3 (Mergers) of the Act on Financial Institutions' Merger and Conversion); or
  - (iii) a resolution at a shareholders meeting on the dissolution of a bank.
- (2) When an application is filed for the authorization referred to in the preceding paragraph, the Prime Minister must examine whether any of the following criteria is met:
    - (i) the discontinuation of the banking, the merger, or the dissolution is inevitable in light of the status of business and property of the bank; or

- (ii) the discontinuation of the banking, the merger, or the dissolution is unlikely to impair the smooth supply and demand of funds and customer convenience in the region where the bank conducts business.
- (3) If an application for the authorization referred to in paragraph (1) is filed by a bank that the Prime Minister has ordered to suspend all or part of its services pursuant to the provisions of Article 26, paragraph (1) or Article 27, the Prime Minister must not grant the bank the authorization referred to in paragraph (1). The same applies if an application for the authorization referred to in paragraph (1) is filed by a bank to which the Prime Minister finds it necessary to issue the order or revoke the license under Article 4, paragraph (1) pursuant to the provisions of Article 27.

(Public Notice of Business Discontinuation)

Article 38 Upon obtaining the authorization referred to in paragraph (1) of the preceding Article, a bank must immediately issue public notice of this and the content of the particulars which has obtained the authorization, as well as notify bank agents that have that bank as their principal bank to that effect and post a notice to that effect in a place easily seen by the public at all of its business offices for a period of not less than one month, pursuant to the provisions of Cabinet Office Order.

(Effect of Provisions on Grounds for Dissolution in Articles of Incorporation)

Article 39 Notwithstanding the provisions of Article 471, items (i) and (ii) (Grounds for Dissolution) of the Companies Act, a bank is not dissolved due to the grounds set forth in items (i) and (ii) of that Article.

(Dissolution as a Result of the Revocation of License)

Article 40 A bank is dissolved if the license referred to in Article 4, paragraph (1) granted by the Prime Minister has been revoked pursuant to the provisions of Article 27 or Article 28.

(Expiration of License)

Article 41 If a bank falls under one of the following items, the license referred to in Article 4, paragraph (1) granted by the Prime Minister ceases to be effective:

- (i) it discontinues all of its banking;
- (ii) it has all of its business succeeded to in a company split or transfers all of its business;
- (iii) it is dissolved (or a judgment invalidating its incorporation, share transfer, merger (limited to a merger resulting in the incorporation of a bank), or incorporation-type company split becomes final and binding); or
- (iv) it fails to commence services within six months after the day on which it

has obtained the license (unless it has failed to do so due to compelling reasons, and obtained the approval of the Prime Minister in advance).

(Deemed Bank in the Case of Revocation of License)

Article 42 If a bank has become subject to a revocation of the license referred to in Article 4, paragraph (1) granted by the Prime Minister pursuant to the provisions of Article 27 or Article 28, or if that license ceases to be effective pursuant to the provisions of the preceding Article, the company that was formerly that bank is deemed to remain a bank as concerns the application of the provisions of Article 36, Article 38, and Article 46, paragraph (1).

(Conversion into a Non-Banking Company)

Article 43 (1) If a bank falls under the provisions of Article 41, item (i) and the license referred to in Article 4, paragraph (1) granted by the Prime Minister ceases to be effective, and the company that was formerly that bank has outstanding obligations such as deposits or installment savings, etc., unless it is specified by Cabinet Order, the Prime Minister may order the company to deposit its assets limited to the total amount of its obligations, or may issue orders necessary for protecting the depositors, etc. with respect to the processing of their obligations, or the management or investment of their assets, before the day on which the company completes the payment of those obligations or the last day of the ten-year period after that license ceases to be effective, whichever comes first.

(2) The provisions of the preceding paragraph apply mutatis mutandis when a company other than a bank, etc. succeeds to the outstanding obligations of a bank such as deposits or installment savings, etc., through a merger or company split.

(3) The provisions of Article 24, paragraph (1) and Article 25, paragraphs (1), (3), and (4) apply mutatis mutandis to a company to which the provisions of the preceding two paragraphs are applicable.

(Appointment and Dismissal of Liquidators)

Article 44 (1) If a bank is dissolved due to the revocation of the license referred to in Article 4, paragraph (1) granted by the Prime Minister, the court appoints a liquidator at the request of an interested party or the Prime Minister, or by its authority. The same applies to the dismissal of the liquidator.

(2) Excluding the case referred to in the preceding paragraph, the court may dismiss a liquidator at the request of an interested party or the Prime Minister, or by its authority. In such a case, the court may appoint a new liquidator.

(3) The following persons may not be appointed as the liquidator of a bank to be liquidated (referred to as "bank in liquidation" in the following paragraph and

paragraph (3), paragraph (5), paragraph (7), and paragraph (8) of the following Article).

- (i) a person specified by Cabinet Office Order as being unable to properly perform their duties due to mental or physical disorder; or
  - (ii) a person subject to an order commencing bankruptcy proceedings and has not been released from bankruptcy restrictions, or a person that is treated in the same manner under foreign laws and regulations.
- (4) In applying the provisions of Article 331, paragraph (1), item (iii) (Qualifications of Directors) of the Companies Act as applied mutatis mutandis pursuant to Article 478, paragraph (8) (Assumption of the Role of Liquidator) of that Act to the liquidator of a bank in liquidation, the term "this Act" in that item is deemed to be replaced with "the Banking Act, this Act".

(Supervision of Liquidation)

- Article 45 (1) The liquidation of a bank is subject to court supervision.
- (2) The supervision of a bank's liquidation falls under the jurisdiction of the district court with jurisdiction over the locality of the bank's head office.
  - (3) The court may inspect the progress of the liquidation process and the status of property of the bank in liquidation, as well as order the bank in liquidation to deposit its property and issue other orders that are necessary for supervising the liquidation. In such a case, the court may appoint a special inspector to conduct the inspection.
  - (4) The provisions of the main clause of Article 871 (Appending of the Reason), Article 872 (limited to the part related to item (i)) (Immediate Appeal), Article 875 (Exclusion from Application of the Non-Contentious Case Procedures Act), and Article 876 (Rules of the Supreme Court) of the Companies Act apply mutatis mutandis to the order pursuant to the provisions of the first sentence of the preceding paragraph, and the provisions of Article 874 (limited to the part related to item (ii)) (Restriction on Appeals), Article 875, and Article 876 of the Companies Act apply mutatis mutandis to the appointment of a special inspector pursuant to the provisions of the second sentence of the preceding paragraph.
  - (5) When the court appoints a special inspector pursuant to the second sentence of paragraph (3), it may determine the amount of remuneration that the bank in liquidation pays to the special inspector.
  - (6) The provisions of Article 870, paragraph (1) (limited to the part related to item (i)) (Hearing of Statements), Article 872 (limited to the part related to item (iv)) (Immediate Appeal), Article 875 (Exclusion from Application of the Non-Contentious Case Procedures Act), and Article 876 (Rules of the Supreme Court) of the Companies Act apply mutatis mutandis to the determination of the amount of remuneration referred to in the preceding paragraph.

- (7) The liquidator of a bank in liquidation must notify the court of the following particulars within two weeks from the day of assuming the position:
- (i) the grounds for dissolution (or, if the bank in liquidation comes to fall under the case set forth in Article 475, item (ii) or (iii) (Causes of Commencement of Liquidation) of the Companies Act, that fact) and the date of dissolution; and
  - (ii) the name and address of the liquidator.
- (8) Upon obtaining the approval at the shareholders meeting pursuant to Article 492, paragraph (3) (Preparation of Inventory of Property) of the Companies Act for the inventory of property provided for in that paragraph, the liquidator of the bank in liquidation must submit the inventory of property (if the inventory of property is prepared as an electronic or magnetic record, a document stating the particulars recorded in the electronic or magnetic record) to the court without delay.

(The Prime Minister's Opinion in Liquidation Proceedings)

- Article 46 (1) In the liquidation proceedings, bankruptcy proceedings, rehabilitation proceedings, reorganization proceedings, or recognition and assistance proceedings for a bank, the court may ask for the opinion of the Prime Minister, or may request the Prime Minister to conduct an inspection or investigation.
- (2) In the proceedings referred to in the preceding paragraph, if the Prime Minister finds it to be necessary, the Prime Minister may state an opinion to the court.
- (3) The provisions of Article 25, paragraphs (1), (3), and (4) apply *mutatis mutandis* when the Prime Minister is requested by the court to conduct an inspection or investigation pursuant to the provisions of paragraph (1).

## **Chapter VII Foreign Bank Branch Offices**

(Licenses for Foreign Banks)

- Article 47 (1) A foreign bank must establish a single branch office that serves as the base of operations of the foreign bank's banking in Japan (hereinafter referred to as the "main foreign bank branch office" in this Chapter) and obtain the license referred to in Article 4, paragraph (1) to be granted by the Prime Minister under Article 4, paragraph (1) pursuant to the provisions of Cabinet Office Order, if the foreign bank seeks to engage in banking in Japan.
- (2) Once a foreign bank obtains the license referred to in Article 4, paragraph (1) granted by the Prime Minister pursuant to the provisions of the preceding paragraph, the main foreign bank branch office, other branch offices and business offices of that foreign bank in Japan (hereinafter referred to as a "secondary foreign bank branch office" in this Chapter) (hereinafter collectively

referred to as "foreign bank branch office" in this Chapter) are deemed to be a single bank, the foreign bank's representative in Japan is deemed to be the director of the foreign bank branch office that is deemed to be a single bank, and the provisions of this Act apply; provided, however, that the provisions of Article 4-2, Article 5, Article 6, Article 7-2, paragraph (4), Article 8, Article 12-2, paragraph (3), Article 13, paragraphs (2) and (4), Article 14, paragraph (2), Chapter II-2, Article 17, Article 18, Article 19, paragraph (2), Article 20, paragraph (2), Article 21, paragraph (2), Article 22, Article 23, Article 24, paragraphs (2) and (3) (limited to the parts of these provisions related to subsidiary corporation, etc.), Article 25, paragraphs (2) and (5) (limited to the parts of these provisions related to subsidiary corporation, etc.), Article 30, paragraphs (1) and (2), Articles 32 through 33-2, Article 36 (limited to the part related to company splits), Article 37, paragraph (1), items (ii) and (iii), Article 39, Article 40, Article 41, item (ii) (limited to the part related to company splits) and item (iii), Article 43, Article 44, Chapter VII-3, Article 53, paragraph (1) (excluding items (i), (v), and (viii)), and paragraphs (2), (3), and (7); Article 55, paragraphs (2) and (3), Article 56, items (v) through (ix), Article 57, and Article 57-2, paragraph (2), are excluded from the application.

- (3) In the cases referred to in the preceding paragraph, in applying the provisions of Article 10, paragraph (2) (limited to the part related to item (viii)-2) and the provisions of the following Chapter, and the provisions of Chapters IX and X related to those provisions, the main business office of the foreign bank with which a foreign bank branch office is affiliated, and its branch offices and other business offices in the foreign country (hereinafter collectively referred to as a "business office in the home country of a foreign bank") are deemed to be a single foreign bank; the foreign bank branch office's intermediation of transactions between the business offices in the home country of the foreign bank with which the foreign bank branch office is affiliated and its customer (limited to acting as the intermediary or agent specified by Cabinet Office Order as equivalent to acting as the intermediary or agent for the services of a foreign bank) is deemed to be intermediation of the services of the single foreign bank; and the business offices in the home country which are involved in the foreign bank branch office's intermediation of the transactions are deemed to be the other party to a contract indicating that the foreign bank branch office is entrusted with acting as an intermediary for the services of that single foreign bank.
- (4) The special provisions for a foreign bank on the license referred to in Article 4, paragraph (1) granted by the Prime Minister, the technical replacement of terms when the provisions of this Act are applied to a foreign bank branch office, and any other particulars necessary in applying the provisions of this Act to a foreign bank branch office, are specified by Cabinet Order.

(Retention of Assets Corresponding to the Stated Capital of a Foreign Bank Branch Office in Japan)

Article 47-2 Pursuant to the provisions of Cabinet Order, a foreign bank branch office must retain the assets corresponding to its stated capital in Japan at all times, for the amount exceeding the amount specified by Cabinet Order within the scope of not less than one billion yen.

(Establishment of a Secondary Foreign Bank Branch Office)

Article 47-3 Except in cases specified by Cabinet Office Order, a foreign bank branch office must obtain the authorization by the Prime Minister pursuant to the provisions of Cabinet Office Order when it seeks to establish a secondary foreign bank branch office, change the type of the branch office, or close the branch office.

(Business Year of Foreign Bank Branch Offices)

Article 47-4 The business year of a foreign bank branch office is from April 1 to March 31 of the following year, or is the same period as that of the business year of the foreign bank with which the foreign bank branch office is affiliated (limited to a business year with a period of one year, which commences on the first day of a month); provided, however, that in changing the first day of the business year, the last business year before the change runs up until the day before the first day of the first business year after the change.

(Submission of Materials by Foreign Bank Branch Office)

Article 48 When the Prime Minister finds it to be necessary for ensuring the sound and appropriate management of the services of a foreign bank branch office, the Prime Minister may request a foreign bank branch office (including a bank agent that has that foreign bank branch office as its principal bank) to make a report or submit materials on the status of business or property of the foreign bank with which the foreign bank branch office is affiliated (including a person that has a unique relationship specified by Cabinet Order with that foreign bank).

(Notification by Foreign Bank Branch Offices)

Article 49 (1) If the foreign bank with which a foreign bank branch office is affiliated falls under one of the following items, the branch office must file a notification to that effect with the Prime Minister, pursuant to the provisions of Cabinet Office Order:

- (i) it changes the amount of stated capital or contribution;
- (ii) it changes its trade name or the location of its head office;

- (iii) it merges, has its business succeeded to in a company split or succeeds to a business in a company split, or, transfers or acquires all or a material part of its business (other than a business that only involves the foreign bank branch office);
  - (iv) it is dissolved (other than a dissolution as a result of a merger) or discontinues banking;
  - (v) its banking license (including any permission, registration, or other administrative dispositions similar to the license) is revoked;
  - (vi) it becomes subject to an order commencing bankruptcy proceedings; or
  - (vii) it falls under a case specified by Cabinet Office Order.
- (2) If a foreign bank branch office falls under one of the following items, it must file a notification to that effect with the Prime Minister, pursuant to the provisions of Cabinet Office Order:
- (i) it seeks to change the location of the main foreign bank branch office or a secondary foreign bank branch office (excluding the case specified by Cabinet Office Order);
  - (ii) it seeks to make a secondary foreign bank branch office (other than a business office that is not a branch office; hereinafter the same applies in this item) the main foreign bank branch office and make the main foreign bank branch office a secondary foreign bank branch office;
  - (iii) it seeks to change the business year of a foreign bank branch office; or
  - (iv) it falls under a case specified by Cabinet Office Order.

(Means of Public Notice by Foreign Bank Branch Offices)

Article 49-2 (1) A foreign bank branch must establish one of the following means as its means of public notice:

- (i) publication in a daily newspaper that publishes information about current events; or
  - (ii) electronic public notice (meaning electronic public notice as defined in Article 2, item (xxxiv) (Definitions) of the Companies Act; the same applies hereinafter).
- (2) The provisions of Article 940, paragraph (3) (Public Notice Period of Electronic Public Notice), Article 941 (Electronic Public Notice Investigation), Article 946 (Obligation of Investigation), Article 947 (Cases Where an Electronic Public Notice Investigation is Unable to be Carried Out), Article 951, paragraph (2) (Keeping and Inspection of Financial Statements), Article 953 (Order for Improvement), and Article 955 (Statements in an Investigation Record Book) of the Companies Act apply mutatis mutandis when a foreign bank branch office issues public notice pursuant to the provisions of this Act or any other laws (other than a public notice pursuant to the provisions of the Companies Act) by an electronic public notice. In such a case, the term

"preceding two paragraphs" in Article 940, paragraph (3) of that Act is deemed to be replaced with "Article 57-2, paragraph (1) of the Banking Act as applied when the foreign bank branch office is deemed to be a single bank pursuant to the provisions of Article 47, paragraph (2) of that Act", and any other necessary technical replacement of terms is specified by Cabinet Order.

(Expiration of License for Foreign Banks)

Article 50 When a foreign bank branch office files a notification under Article 49, paragraph (1) due to the fact that it falls under one of the cases of Article 49, paragraph (1), items (iii) through (vi) (for a notification under item (iii) of that paragraph, limited to a notification concerning a merger that results in the foreign bank with which the foreign bank branch office is affiliated disappearing, a company split that results in all of the business of the foreign bank branch office being succeeded to, or the transfer of all business, and for a notification under item (iv) of that paragraph, excluding a notification concerning partial discontinuation of banking), the license referred to in Article 4, paragraph (1) granted by the Prime Minister for the foreign bank with which the foreign bank branch office that files the notification is affiliated ceases to be effective.

(Liquidation of Foreign Bank Branch Offices)

Article 51 (1) If a foreign bank branch office falls under one of the following items, it must liquidate all of its property in Japan:

- (i) the license referred to in Article 4, paragraph (1) granted by the Prime Minister for the foreign bank with which the foreign bank branch is affiliated is revoked pursuant to the provisions of Article 27 or Article 28; or
- (ii) the license referred to in Article 4, paragraph (1) granted by the Prime Minister for the foreign bank with which the foreign bank branch office is affiliated ceases to be effective pursuant to the provisions of Article 41, item (i) or the preceding Article.

(2) If a foreign bank branch office is liquidated pursuant to the provisions of the preceding paragraph, the court appoints a liquidator at the request of an interested party or the Prime Minister, or by its authority. The same applies to the dismissal of that liquidator.

(3) The provisions of Article 476 (Capacity of Liquidating Stock Companies), Part II, Chapter IX, Section 1, Subsection 2 (Structures for Liquidating Stock Companies), Article 492 (Preparation of Inventory of Property), Subsection 4 of that Section (Performance of Obligations), Article 508 (Retention of Accounting Materials), Section 2 of that Chapter (excluding Article 510, Article 511, and Article 514) (Special Liquidations), Part VII, Chapter III, Section 1 (General Provisions) and Section 3 (Special Provisions on the Procedures of Special

Liquidation), and Article 938, paragraphs (1) through (5) (Commissioning of Registration by a Juridical Decision Concerning Special Liquidation) of the Companies Act apply mutatis mutandis to the liquidation of the property of a foreign bank branch office in Japan pursuant to the provisions of paragraph (1), other than property to which those provisions cannot be applied due to its nature.

- (4) The provisions of Article 820 (Resignation of Representatives in Japan Whose Addresses are in Japan) of the Companies Act do not apply to a foreign bank that has obtained the license referred to in Article 4, paragraph (1).
- (5) In applying the provisions of Article 822, paragraph (1) (Liquidation of a Foreign Company's Assets in Japan) of the Companies Act to a foreign bank branch office, the term "interested persons" in that paragraph is deemed to be replaced with "an interested person or the Prime Minister".

(Notification of the Establishment of the Representative Office of Foreign Banks)

Article 52 (1) When seeking to establish a representative office or other facilities in Japan in order to engage in the following business (including when seeking to engage in the business at an office or other facilities already established for another purpose), a foreign bank (or, if the foreign bank has established a foreign bank branch office, that foreign bank branch office; hereinafter the same applies in this Article) must file a notification with the Prime Minister with respect to the details of the services, the location of the facility where it will engage in the services, and other particulars specified by Cabinet Office Order, in advance:

- (i) the collection or provision of information concerning the bank's services; or
  - (ii) other business associated with the bank's services.
- (2) If the Prime Minister finds it to be necessary in the public interest, the Prime Minister may ask a foreign bank to make a report or submit materials on the business set forth in the items of the preceding paragraph which will be performed at a facility referred to in that paragraph.
  - (3) If a foreign bank closes a facility referred to in paragraph (1) which it has established, if it discontinues a business set forth in the items of that paragraph which is performed at that facility, or if it changes any other particulars for which it has filed a notification pursuant to the provisions of that paragraph, the foreign bank must file a notification with the Prime Minister to that effect, without delay.

## **Chapter VII-2 Special Provisions on Foreign Bank Agency Services**

(Authorization for Foreign Bank Agency Services)

- Article 52-2 (1) When seeking to perform services set forth in Article 10, paragraph (2), item (viii)-2 (hereinafter referred to as "foreign bank agency services", except in items (ii) through (iv) of the following Article), a bank must obtain the authorization by the Prime Minister pursuant to the provisions of Cabinet Office Order in advance, for each foreign bank that is the other party to a contract providing that the bank is being entrusted with the foreign bank agency services (the foreign bank is hereinafter referred to as "principal foreign bank", except in items (ii) through (iv) of the following Article).
- (2) Notwithstanding the provisions of the preceding paragraph, for each foreign bank group (meaning a group consisting of a foreign bank and the foreign bank's subsidiary companies that are foreign banks or of any other persons specified by Cabinet Office Order), a bank may perform foreign bank agency services that has a foreign bank that belongs to that foreign bank group as the principal foreign bank, by obtaining an authorization.
- (3) The provisions of paragraph (1) do not apply if a bank seeks to perform foreign bank agency services by having its subsidiary company which is a foreign bank or any other foreign bank specified by Cabinet Office Order as its principal foreign bank. In such a case, the bank must file a notification with the Prime Minister, pursuant to the provisions of Cabinet Office Order in advance, for each principal foreign bank that is involved in the relevant foreign bank agency services.

(Special Provisions on the License of Foreign Banks)

- Article 52-2-2 The provisions of Article 4, paragraph (1) and Article 47, paragraph (1) do not apply to the cases set forth in any of the following items (limited to services set forth in Article 10, paragraph (1), item (i) or (iii)):
- (i) a bank performs foreign bank agency services with the authorization referred to in paragraph (1) or (2) of the preceding Article or by filing a notification under the provisions of paragraph (3) of that Article: services related to foreign bank agency services performed by the principal foreign bank involved in the foreign bank agency services;
- (ii) a long-term credit bank performs foreign bank agency services (meaning foreign bank agency services provided for in Article 6-3, paragraph (1) of the Long-Term Credit Bank Act) by obtaining the authorization referred to in paragraph (1) or paragraph (2) (Authorization for Foreign Bank Agency Services) of that Article or by filing a notification under the provisions of paragraph (3) of that Article: services related to foreign bank agency services performed by the principal foreign bank (meaning a principal foreign bank provided for in paragraph (1) of that Article) that is involved in the foreign bank agency services;
- (iii) a federation of Shinkin banks performs foreign bank agency services

(meaning foreign bank agency services provided for in Article 54-2, paragraph (2) (Authorization for Foreign Bank Agency Services) of the Shinkin Bank Act) by filing the notification under the provisions of that paragraph: services related to foreign bank agency services performed by the principal foreign bank (meaning a principal foreign bank provided for in paragraph (1) of that Article) that is involved in the foreign bank agency services; and

- (iv) The Norinchukin Bank performs foreign bank agency services (meaning the foreign bank agency services provided for in Article 59-4, paragraph (1) (Authorization for Foreign Bank Agency Services) of the Norinchukin Bank Act) by filing the notification under the provisions of Article 59-4, paragraph (2) of that Act: services related to the foreign bank agency services performed by the principal foreign bank (meaning the principal foreign bank provided for in paragraph (1) of that Article) that is involved in the foreign bank agency services.

(Special Provisions of the Act Regulating the Receipt of Contributions, the Receipt of Deposits, and Interest Rates)

Article 52-2-3 If a bank performs foreign bank agency services by obtaining the authorization referred to in Article 52-2, paragraph (1) or (2) or by filing the notification under the provisions of paragraph (3) of that Article, the provisions of Article 2, paragraph (1) (Prohibition on Deposits) of the Act Regulating the Receipt of Contributions, the Receipt of Deposits, and Interest Rates (Act No. 195 of 1954) do not apply to a deposit (meaning a deposit as defined in Article 2, paragraph (2) of that Act) that is made on a regular basis by the principal foreign bank that is involved in the foreign bank agency services which is related to the foreign bank agency services.

(Special Provisions of the Money Lending Business Act)

Article 52-2-4 If a bank performs foreign bank agency services by obtaining the authorization referred to in Article 52-2, paragraph (1) or (2) or by filing the notification under the provisions of paragraph (3) of that Article, a loan (meaning a loan as defined in Article 2, paragraph (1) (Definitions) of the Money Lending Business Act (Act No. 32 of 1983)) related to the foreign bank agency services which is made on a regular basis by the principal foreign bank that is involved in the foreign bank agency services is deemed not to fall under the money lending business as defined in Article 2, paragraph (1) of that Act.

(Application, Mutatis Mutandis of the Financial Instruments and Exchange Act to Foreign Bank's Agent Banks)

Article 52-2-5 The provisions of Chapter III, Section 1, Subsection 5 (excluding

Article 34-2, paragraphs (6) through (8) (Cases in Which a Professional Investor Is Deemed to Be a Customer Other Than a Professional Investor) and Article 34-3, paragraph (5) and paragraph (6) (When a Customer Other than a Professional Investor Is a Corporation and That Corporation Is Deemed to Be a Professional Investor)) (Professional Investors), Section 2, Subsection 1 of that Chapter (excluding Articles 35 through 36-4 (Scope of Services for Persons Engaged in Type-I Financial Instruments Business or Investment Management Business; Scope of Concurrent Business by Persons Only Engage in Type-II Financial Instruments Business or Investment Advisory and Agency Business; Establishment of an Operational Control System; Duty of Sincerity to Customers; Posting Signs; Prohibition on Name Lending; Prohibition on Corporate Bond Management), Article 37, paragraph (1), item (ii) (Regulation of Advertising), Article 37-2 (Obligation to Clarify the Conditions of Transactions in Advance), Article 37-3, paragraph (1), items (ii) and (vi) and paragraph (3) (Delivery of Documents Prior to the Conclusion of a Contract), Articles 37-5 through 37-7 (Delivery of Documents in Connection with the Receipt of a Security Deposit; Written Cancellation; Obligation to Conclude a Contract with a Designated Dispute Resolution Organization), Article 38, item (i), item (ii), item (vii) and item (viii), and Article 38-2 (Prohibited Actions), the proviso to Article 39, paragraph (3), and paragraph (4), paragraph (6) and paragraph (7) of that Article (Prohibition on Compensation of Loss), and Articles 40-2 through 40-7 (Best Execution Policy; Prohibition of Purchase and Sale If Separate Management Is Not Ensured; Prohibition of Public Offering If Money Has Been Diverted; Restrictions on the Purchase and Sale of Securities for Professional Investors; Obligation to Notify in Connection with Securities for Professional Investors; Prohibition of Trading Against Self; Obligation to Use an Electronic Data Processing System for Over-the-Counter Transactions of Derivatives) (General Rules), and Article 45 (excluding items (iii) and (iv)) (Miscellaneous Provisions) of the Financial Instruments and Exchange Act apply mutatis mutandis to actions as an agent or intermediary for a person's entry into a contract for specified deposit, etc. in connection with foreign bank agency services that a foreign bank's agent bank (meaning a bank that performs foreign bank agency services by obtaining the authorization referred to in Article 52-2, paragraph (1) or (2) or by filing a notification under the provisions of paragraph (3) of that Article; the same applies hereinafter) performs. In such a case, in these provisions, the term "financial instruments transaction contract" is deemed to be replaced with "contract for specified deposit, etc."; the term "financial instruments business" is deemed to be replaced with "services as an agent or intermediary in a person's entry into a contract for specified deposit, etc."; the term "in soliciting... to conclude... or in concluding" is deemed to be replaced with "performs actions as the agent or

intermediary in a person's entry into"; the term "act that constitutes a financial instruments transaction" in these provisions (excluding Article 34 of that Act) is deemed to be replaced with "conclusion of a contract for specified deposit, etc."; in Article 34 (Obligation to Notify Professional Investors) of that Act, the term "contract for the financial instruments business operator, etc. to perform an act that constitutes a financial instruments transaction (meaning an act set forth in the items of Article 2, paragraph (8); the same applies hereinafter) with the customer as the other party or on behalf of the customer" is deemed to be replaced with "contract for specified deposit, etc. prescribed in Article 13-4 of the Banking Act", the term "and has in the past concluded a financial instruments transaction contract with that professional investor" is deemed to be replaced with "and has in the past acted as agent or intermediary in a person's conclusion of a contract for specified deposit, etc. with that professional investor", and the term "concluding" is deemed to be replaced with "acting as agent or intermediary in a person's entry into"; in Article 34-2, paragraph (5), item (ii) of that Act, the term "concludes" is deemed to be replaced with "acts as agent or intermediary in a person's entry into"; the term "subject contract with" in Article 34-3, paragraph (2), item (iv), (a) of that Act is deemed to be replaced with "a subject contract through acting as an agent or intermediary for"; the term "concludes" in Article 34-3, paragraph (4), item (ii) is deemed to be replaced with "acts as an agent or intermediary for a person's conclusion of"; in Article 37-3, paragraph (1) of that Act, the term "seeks to conclude" is deemed to be replaced with "acts as agent or intermediary for a person's conclusion of" and the term "it must deliver a document stating the following particulars to the customer in advance" is deemed to be replaced with "in addition to delivering a document stating the following particulars to the customer in advance, it must provide information about the contents of contracts for specified deposit, etc. and other information that is to serve as a reference to the depositors, etc., pursuant to the provisions of Cabinet Office Order, in order to contribute to the protection of depositors, etc. (meaning the depositors, etc. as defined in Article 2, paragraph (5) of the Banking Act; hereinafter the same applies in this paragraph)"; in Article 37-3, paragraph (1), item (i) of that Act, the term "the financial instruments business operator, etc." is deemed to be replaced with "the principal foreign bank (meaning a principal foreign bank as defined in Article 52-2, paragraph (1) of the Banking Act) with which the foreign bank's agent bank (meaning the foreign bank's agent bank as defined in Article 52-2-5 of that Act) is affiliated"; in Article 39, paragraph (1), item (i) of that Act, the term "a purchase and sale or other transaction of securities (excluding a purchase and sale with a repurchase requirement and a predetermined repurchase price, and other transactions specified by Cabinet Order) or a derivatives transaction (hereinafter referred to as a "purchase and

sale or other transactions of securities, etc." in this Article)" is deemed to be replaced with "the conclusion of a contract for specified deposit, etc.", the term "securities or derivatives transaction (hereinafter referred to as 'securities, etc.' in this Article)" is deemed to be replaced with "contract for specified deposit, etc.", the term "customer (if a trust company, etc. (meaning a trust company or a financial institution that has obtained the authorization referred to in Article 1, paragraph (1) of the Act on Engagement in Trust Business Activities by Financial Institutions; the same applies hereinafter) conducts the purchase and sale of securities or a derivatives transaction on the account of a person that establishes a trust based on a trust contract, this includes the person that establishes the trust; hereinafter the same applies in this Article)" is deemed to be replaced with "customer", and the term "to supplement its profits" is deemed to be replaced with "to supplement its profits, other than as under the contract for specified deposit, etc. "; in Article 39, paragraph (1), item (ii) of that Act, the term "a purchase and sale or other transaction of securities, etc." is deemed to be replaced with "the conclusion of a contract for specified deposit, etc.", the term "securities, etc." is deemed to be replaced with "contract for specified deposit, etc." and the term "in order to add to the profit that the customer has accrued in connection with those securities, etc." is deemed to be replaced with "in order to add to the profit that the customer has accrued in connection with those securities, etc., other than as under the contract for specified deposit, etc."; in item (iii) of that paragraph, the term "a purchase and sale or other transaction of securities, etc." is deemed to be replaced with "the conclusion of a contract for specified deposit, etc.", the term "securities, etc." is deemed to be replaced with "contract for specified deposit, etc." and the term "in order to add to the profit that the customer has accrued in connection with those securities, etc." is deemed to be replaced with "in order to add to the profit that the customer has accrued in connection with those securities, etc., other than as under the contract for specified deposit, etc."; in paragraph (2) of that Article, the term "a purchase and sale or other transaction of securities, etc." is deemed to be replaced with "the conclusion of a contract for specified deposit, etc."; in paragraph (3) of that Article, the term "which is specified by Cabinet Office Order as a potential cause of" is deemed to be replaced with "which is a potential cause of"; in Article 45, item (ii) of that Act, the phrase "Articles 37-2 through 37-6; Article 40-2, paragraph (4); and Article 43-4" is deemed to be replaced with "Article 37-3 (limited to the part that involves the delivery of documents under paragraph (1); excluding the provisions of paragraph (1), item (ii) and item (vi) and paragraph (3)) and Article 37-4" and the term "concluded" is deemed to be replaced with "acted as agent or intermediary for a person's entry into"; and any other necessary technical replacement of terms is specified by Cabinet Order.

(Public Inspection of Explanatory Documents of Principal Foreign Banks)

Article 52-2-6 (1) Pursuant to the provisions of Cabinet Office Order, a foreign bank's agent bank must keep the documents that its principal foreign bank and a company incorporated under foreign laws and regulations as the holding company that has the principal foreign bank as its subsidiary company (hereinafter referred to as a "foreign bank holding company" in this paragraph) prepares each business year that states the particulars of the status of business and property of the principal foreign bank and foreign bank holding company (limited to the explanatory documents for the business year prescribed in Article 21, paragraphs (1) and (2) and Article 52-29, paragraph (1) and documents similar to them which are written in Japanese or English) at all business offices in Japan where the foreign bank's agent bank performs foreign bank agency services for that principal foreign bank (excluding unmanned business offices; the same applies in the following paragraph), and must make them available for public inspection.

(2) If the documents provided for in the preceding paragraph have been prepared as electronic or magnetic records, the foreign bank's agent bank may take a measure that is specified by Cabinet Office Order as a measure that uses electronic or magnetic means to make the information contained in those documents available to many and unspecified persons at all of the business offices where the foreign bank's agent bank provides foreign bank agency services. In such a case, the foreign bank's agent bank is deemed to have kept the documents provided for in the preceding paragraph and made them available for public inspection pursuant to the provisions of that paragraph.

(Measures for Ensuring Sound Foreign Bank Agency Services)

Article 52-2-7 Pursuant to the provisions of Cabinet Office Order, a foreign bank's agent bank must explain to customers the particulars of the status of business and property of its principal foreign bank, and take other measures for ensuring the sound and appropriate management of the foreign bank agency services performed by that foreign bank's agent bank.

(Submission of Materials on Principal Foreign Banks)

Article 52-2-8 If the Prime Minister finds it to be necessary for ensuring the sound and appropriate management of foreign bank agency services, the Prime Minister may request a foreign bank's agent bank to make a report or submit materials on the status of business or property of its principal foreign bank (including a person that has a unique relationship specified by Cabinet Order with the principal foreign bank).

(Notification Concerning Principal Foreign Banks)

Article 52-2-9 (1) When the principal foreign bank of a foreign bank's agent bank (excluding a principal foreign bank (limited to the foreign bank with which the foreign bank branch is affiliated) related to the foreign bank agency services that the foreign bank's agency bank performs (limited to the services performed by that foreign bank branch)) falls under one of the following items, the foreign bank's agent bank must file a notification to that effect with the Prime Minister pursuant to the provisions of Cabinet Office Order:

- (i) it changes the amount of stated capital or contribution;
- (ii) it changes its trade name or the location of its head office;
- (iii) it merges, has its business succeeded to or succeeds to a business in a company split, or transfers or acquires all or a material part of the business (excluding business that only involves the foreign bank branch office);
- (iv) it is dissolved (excluding dissolution as a result of a merger) or discontinues banking;
- (v) its banking license (including permission, registration, or any other administrative dispositions similar to the license) is revoked;
- (vi) it becomes subject to an order commencing bankruptcy proceedings; or
- (vii) it falls under the case specified by Cabinet Office Order.

(2) When a foreign bank's agent bank files a notification under the provisions of the preceding paragraph (limited to the part related to items (ii) through (vi)) it must issue public notice of the content of that notification, as well as post a notice to that effect in a place easily seen by the public at all of the business offices of the foreign bank's agent bank where it performs foreign bank agency services for the principal foreign bank to which the notification pertains for a period of not less than one month, pursuant to the provisions of Cabinet Office Order.

(Application, Mutatis Mutandis)

Article 52-2-10 The provisions of Article 52-40, Article 52-41, Articles 52-43 through 52-45 (excluding item (iv)), Article 52-49 and Article 52-50, paragraph (1), apply mutatis mutandis to a foreign bank's agent bank for provisions related to a bank agent, to a principal foreign bank for provisions related to a principal bank, and to a foreign bank agency services for provisions related to foreign bank agency services. In such cases, the term "services of the principal bank" in Article 52-45, item (v) is deemed to be replaced with "foreign bank agency services," and any other necessary technical replacement of terms is specified by Cabinet Order.

## **Chapter VII-3 Shareholders**

### **Section 1 General Rules**

(Submission of Notification on Holding of Voting Rights in a Bank)

Article 52-2-11 (1) A person that holds voting rights that exceed five percent of the total shareholder voting rights in a single bank or voting rights that exceed five percent of the total shareholder voting rights in a single bank holding company (excluding national or local government or a corporation specified by Cabinet Order as equivalent to the national or local government (referred to as the "national government, etc." in Article 52-9); hereinafter referred to as a "major holder of voting rights in a bank" in this Chapter and Chapter IX) must submit a notification that states the following particulars (hereinafter referred to as a "notification on holding of voting rights in a bank" in this Chapter) to the Prime Minister, within five days (Sundays and other non-business days specified by Cabinet Order are not included; the same applies in paragraph (1) of the following Article) from the day on which the person has become the major holder of voting rights in the bank (or within the number of days specified by Cabinet Office Order, if the number of voting rights held by the person has not increased or in other case specified by Cabinet Office Order), pursuant to the provisions of Cabinet Office Order:

- (i) the particulars of the percentage of voting rights held (meaning the percentage arrived at when the number of voting rights that the major holder of voting rights in the bank holds, in the bank or bank holding company in which that major holder of voting rights in the bank holds voting rights that exceeds five percent of the total shareholder voting rights, is divided by the total shareholder voting rights in that bank or bank holding company; hereinafter the same applies in this Chapter), the particulars of funds for acquisition, the purpose of holding the voting rights, and any other particulars specified by Cabinet Office Order as material particulars of voting rights held in a bank or bank holding company;
  - (ii) its trade name or name, and its address;
  - (iii) if it is a corporation, the amount of its stated capital (including the total amount of contribution) and the name of its representative; and
  - (iv) if it engages in business, the name and location of its business office and the type of the business.
- (2) The provisions of Article 2, paragraph (11) apply mutatis mutandis to the voting rights held by the major holder of voting rights in a bank in the case referred to in the preceding paragraph.

(Submission of Written Report on Changes to Notification on Holding of Voting Rights in a Bank)

Article 52-3 (1) If there is a change in a particular set forth in one of the items of paragraph (1) of the preceding Article (for a change in the percentage of voting

rights held, limited to when the percentage increases or decreases by at least one percent) after the day on which a person becomes a holder of voting rights that exceeds five percent of the total shareholder voting rights in a single bank or of voting rights that exceeds five percent of the total shareholder voting rights in a single bank holding company, the major holder of voting rights in the bank must submit a written report of that change (hereinafter referred to as a "written report of changes" in this Article and the following Article) to the Prime Minister within five days from the day on which the change occurs (or within the number of days specified by Cabinet Office Order, if the number of voting rights that the person holds has not increased or in other cases specified by Cabinet Office Order), pursuant to the provisions of Cabinet Office Order; provided, however, that this does not apply if the person has already submitted a written report of changes based on a decrease of one percent or more in the percentage of voting rights held, and the percentage of voting rights held which is stated in that written report of changes is five percent or less, or to other cases specified by Cabinet Office Order.

- (2) In the case that meets the criteria specified by Cabinet Order as a case in which a large number of voting rights have been transferred within a short time span, a person submitting a written report of changes based on a decrease in the percentage of voting rights held must also state the particulars of the party to which they have transferred the voting rights and the consideration received in that written report of changes, pursuant to the provisions of Cabinet Office Order.
- (3) Notwithstanding the provisions of the main clause of paragraph (1), if, by the day before the day on which a person is to submit a notification on holding of voting rights in a bank or a written report of changes (hereinafter referred to as a "document for submission" in this Section), grounds that require the person to submit a new written report of changes arise, the person must submit the new written report of changes to the Prime Minister at the same time as it submits the document for submission that has not been submitted.
- (4) If a person that has submitted a document for submission finds that the content stated in that document differs from facts, or that the document insufficiently states or lacks a particular required to be stated or a statement of a fact necessary for avoiding misunderstanding, the person must submit an amended written report to the Prime Minister.
- (5) The provisions of Article 2, paragraph (11) apply mutatis mutandis to the voting rights held by a major holder of voting rights in a bank for a case referred to in paragraph (1) or paragraph (2).

(Special Provisions on Notifications on Holding of Voting Rights in a Bank)  
Article 52-4 (1) Notwithstanding the provisions of Article 52-2-11, paragraph (1),

a bank, financial instruments business operator (limited to one engaged in securities-related services), trust company (limited to one that has obtained the license referred to in Article 3 or Article 53, paragraph (1) of the Trust Business Act), or other persons specified by Cabinet Office Order that have filed a notification of the base date with the Prime Minister and that holds voting rights in respect of shares issued by a bank or bank holding company but does not hold them for the purpose of controlling the business of the bank or bank holding company that issued those shares (excluding the case in which the percentage of voting rights held exceeds the number specified by Cabinet Office Order and the case specified by Cabinet Office Order in consideration of the manner in which the voting rights are held and other circumstances; hereinafter referred to as "voting rights subject to special provisions" in this Article) must submit a notification on holding of voting rights in a bank concerning those shares to the Prime Minister, by the 15th of the month following the month in which the base date falls and pursuant to the provisions of Cabinet Office Order, in which it states the particulars specified by Cabinet Office Order as relevant to the holding status of those voting rights on the base date on which its percentage of voting rights held exceeded five percent for the first time.

- (2) A written report of changes for the voting rights subject to special provisions (excluding a report for a change in which the voting rights become those other than voting rights subject to special provisions) must be submitted to the Prime Minister by the day specified in the following items in accordance with the category of cases set forth in each item, pursuant to the provisions of Cabinet Office Order:
- (i) the percentage of voting rights held on the base date that comes after the base date for the notification on holding of voting rights in a bank that is referred to in the preceding paragraph increases or decreases by one percent or more from the percentage of voting rights held that is stated in that notification on holding of voting rights in a bank, or there is a material change in a particular specified by Cabinet Office Order that is prescribed in that paragraph: the 15th of the month following the month in which the later base date falls;
  - (ii) case that has come to meet the criteria specified by Cabinet Office Order as a case in which the percentage of voting rights held have considerably increased or decreased on the last day of any month after the month that includes the base date for a notification on holding of voting rights in a bank: the 15th of the month following the month in which the last day falls;
  - (iii) the percentage of voting rights held on the base date that comes after the base date for the notification of changes increases or decreases by one percent or more from the percentage of voting rights held that is stated in

that notification of changes, or there is other material changes in a particular specified by Cabinet Office Order that is prescribed in the preceding paragraph: the 15th of the month following the month in which the later base date falls; and

- (iv) the case is specified by Cabinet Office Order as a case equivalent to one of the preceding three items: the day specified by Cabinet Office Order.
- (3) The base date referred to in the preceding two paragraphs means the last day of every third month, after the day on which the person specified by Cabinet Office Order that is prescribed in paragraph (1) files a notification with the Prime Minister pursuant to the provisions of Cabinet Office Order.
- (4) The provisions of Article 2, paragraph (11) apply mutatis mutandis to the voting rights subject to special provisions held by a major holder of voting rights in a bank in the case referred to in paragraph (1) or paragraph (2).

(Order to Submit Amended Written Reports)

Article 52-5 If a document for submission is submitted pursuant to the provisions of Article 52-2-11, paragraph (1), Article 52-3, paragraph (1) or (3), or paragraph (1) or (2) of the preceding Article, and the Prime Minister finds that there is a formal deficiency in the document or finds the document insufficiently states a material particular that is required to be stated, the Prime Minister may order the person submitting the document to submit an amended written report. In such a case, the Prime Minister must conduct a hearing irrespective of the category of procedures for stating opinions under the provisions of Article 13, paragraph (1) (Procedures Prerequisite for Adverse Dispositions) of the Administrative Procedure Act (Act No. 88 of 1993).

Article 52-6 If the Prime Minister discovers that a document for submission contains a false statement about a material particular, lacks a statement on a material particular that is required to be stated or on an important fact that is necessary for avoiding misunderstanding, the Prime Minister, at any time, may order the person that submitted the document to submit an amended report. In such a case, the Prime Minister must conduct a hearing irrespective of the category of procedures for stating opinions under the provisions of Article 13, paragraph (1) (Procedures Prerequisite for Adverse Dispositions) of the Administrative Procedure Act.

(Making Reports or Submitting Materials by Major Holders of Voting Rights in a Bank)

Article 52-7 If the Prime Minister suspects that a document for submission contains a false statement about a material particular, lacks a statement on a material particular that is required to be stated or on an important fact that is

necessary for avoiding misunderstanding, the Prime Minister may ask the major holder of voting rights in the bank that submitted the document to make a report or submit materials that are to serve as a reference for a particular that is required to be stated in the document or for a fact necessary for avoiding misunderstanding.

(On-Site Inspection of Major Holder of Voting Rights in a Bank)

Article 52-8 (1) If the Prime suspects that a document contains a false statement about a material particular, lacks a statement on a material particular that is required to be stated or on an important fact that is necessary for avoiding misunderstanding, the Prime Minister may have relevant officials enter the office or other facilities of the major holder of voting rights in the bank that submitted the document, and have those officials ask questions about a particular that is required to be stated in that document or about a fact that is necessary for avoiding misunderstanding, or have them inspect books, documents, and any other articles of the major holder of voting rights in the bank.

- (2) In the case referred to in the preceding paragraph, the relevant officials must carry an identification card, and must present it if a person concerned requests them to do so.
- (3) The authority under paragraph (1) must not be construed as being granted for criminal investigation purposes.

## **Section 2 Special Provisions on Bank's Major Shareholders**

### **Subsection 1 General Rules**

(Authorization to be Obtained by Bank's Major Shareholders)

Article 52-9 (1) A person that seeks to become the holder of a number of voting rights in a single bank which is equal to or greater than the major shareholder threshold, or to incorporate a company or other corporations that is the holder of a number of voting rights in a bank which is equal to or greater than the major shareholder threshold (other than the national government, etc., a company that seeks to become a holding company prescribed in Article 52-17, paragraph (1), a person prescribed in that paragraph, and a bank holding company that seeks to make a bank its subsidiary company) through one of the following transactions or actions, must obtain the authorization by the Prime Minister in advance:

- (i) acquisition of voting rights in a bank by a person that seeks to become the holder of the voting rights (excluding acquisition of shares due to enforcement of a security right or any other grounds specified by Cabinet Office Order);

- (ii) acquisition of the license referred to in Article 4, paragraph (1) by a company in which the person that seeks to become the holder of the relevant voting rights holds a number of voting rights which is equal to or greater than the major shareholder threshold of that company; or
  - (iii) a transaction or action specified by Cabinet Order.
- (2) A person that has become the holder of a number of voting rights in a single bank which is equal to or greater than the major shareholder threshold due to grounds other than a transaction or action set forth in the items of the preceding paragraph (other than the national government, etc., a bank holding company, or a specified holding company prescribed in Article 52-17, paragraph (2); hereinafter referred to as a "specified major shareholder" in this Article and Article 65) must take the measures required to be taken so that they will no longer be the holder of a number of voting rights in the bank which is equal to or greater than the major shareholder threshold by the last day of the one-year period that begins on the final day of the business year of the bank that includes the date on which the grounds arose (hereinafter referred to as the "last day of the grace period" in this paragraph and paragraph (4)); provided, however, that this does not apply if the specified major shareholder obtains the authorization by the Prime Minister to continue to be the holder of a number of voting rights in a bank which is equal to or greater than the major shareholder threshold even after the last day of the grace period.
- (3) When a specified major shareholder ceases to be the holder of a number of voting rights in a bank which is equal to or greater than the major shareholder threshold through taking the measure under the provisions of the preceding paragraph, the shareholder must file a notification to that effect with the Prime Minister, without delay. The same applies if a specified major shareholder ceases to be the holder of a number of voting rights in a bank which is equal to or greater than the major shareholder threshold without taking that measure.
- (4) The Prime Minister may order a person that becomes the holder of a number of voting rights in a bank which is equal to or greater than the major shareholder threshold through a transaction or action set forth in one of the items of paragraph (1) without the authorization referred to in that paragraph, a company or other corporation that is incorporated as the holder of a number of voting rights in a bank which is equal to or greater than the major shareholder threshold without the authorization referred to in that paragraph, or a person that remains to be the holder of a number of voting rights in a bank which is equal to or greater than the major shareholder threshold even after the last day of the grace period without obtaining the authorization referred to in the proviso to paragraph (2), to take the measures required to be taken so that they will no longer be the holder of a number of voting rights in the bank

which is equal to or greater than the major shareholder threshold.

Article 52-10 When an application is filed for the authorization referred to in paragraph (1) or the proviso to paragraph (2) of the preceding Article, the Prime Minister must examine whether the following criteria are met:

- (i) the person meets the following criteria, if the person filing the application for the authorization (hereinafter referred to as the "applicant" in this Article) is a company or other corporations, or, if a company or other corporations are to be incorporated under the authorization:
  - (a) in light of the particulars of the funds for acquisition, the purpose of holding the voting rights, or any other particulars relevant to the holding of a number voting rights in a bank which is equal to or greater than the major shareholder threshold by the applicant or by the company or other corporations that are to be incorporated by obtaining the authorization (hereinafter referred to as the "corporate applicant, etc." in this item), the sound and appropriate management of the services of the bank in which the corporate applicant, etc. is or is to become the holder of a number of voting rights which is equal to or greater than the major shareholder threshold is unlikely to be impaired;
  - (b) in light of the status of property and income and expenditures of the corporate applicant, etc. and its subsidiary companies (including a company that is to become its subsidiary company), the sound and appropriate management of the services of the bank in which the corporate applicant, etc. is or is to become the holder of a number of voting rights which is equal to or greater than the major shareholder threshold is unlikely to be impaired; and
  - (c) in light of its personnel structure, the corporate applicant, etc. has a sufficient understanding of the public nature of banks' services, and has sufficient social credibility.
- (ii) in the case other than that set forth in the preceding item, the person meets the following criteria:
  - (a) in light of the particulars of the funds for acquisition, the purpose of holding the voting rights, or any other particulars relevant to the holding of a number of voting rights in a bank which is equal to or greater than the major shareholder threshold by the applicant, the sound and appropriate management of the services of the bank in which the applicant is or is to become the holder of a number of voting rights which is equal to or greater than the major shareholder threshold is unlikely to be impaired;
  - (b) in light of the status of property of the applicant (including the status of the applicant's income and expenditures, if the applicant is a person that conducts business), the sound and appropriate management of the services

- of the bank in which the applicant is or is to become the holder of a number of voting rights which is equal to or greater than the major shareholder threshold is unlikely to be impaired; and
- (c) the applicant has a sufficient understanding of the public nature of banks' services, and has sufficient social credibility.

### **Subsection 2 Supervision**

(Making Reports or Submitting Materials by Bank's Major Shareholders)

Article 52-11 If the Prime Minister finds it to be particularly necessary for ensuring the sound and appropriate management of a bank's services, the Prime Minister, to the extent necessary, may ask a bank's major shareholder that holds a number of voting rights in that bank which is equal to or greater than the major shareholder threshold to make a report or submit materials that are to serve as a reference for the status of business or property of the bank.

(On-Site Inspection of Bank's Major Shareholders)

Article 52-12 (1) If the Prime Minister finds it to be particularly necessary for ensuring the sound and appropriate management of a bank's services, the Prime Minister, to the extent necessary, may have relevant officials enter the office or other facilities of a bank's major shareholder that holds a number of voting rights in that bank which is equal to or greater than the major shareholder threshold, have those officials ask questions about the status of business or property of the bank or the bank's major shareholder, and have them inspect the books, documents, and any other articles of the bank's major shareholder.

- (2) In the case referred to in the preceding paragraph, the relevant officials must carry an identification card, and must present it if a person concerned requests them to do so.
- (3) The authority under paragraph (1) must not be construed as being granted for criminal investigation purposes.

(Order for Bank's Major Shareholders to Take Measures)

Article 52-13 If a bank's major shareholder no longer satisfies the criterion set forth in any of the items of Article 52-10 (if conditions based on the provisions of Article 54, paragraph (1) are attached to the authorization referred to in Article 52-9, paragraph (1) or the proviso to Article 52-9, paragraph (2) concerning the bank's major shareholder, including those conditions), the Prime Minister may order the bank's major shareholder to take measures necessary to satisfy that criterion, by indicating a due date for taking those

measures.

(Requesting Bank's Major Shareholders to Submit an Improvement Plan)

Article 52-14 (1) If the Prime Minister finds it to be particularly necessary for ensuring the sound and appropriate management of a bank's services in light of the status of business or property of the bank's major shareholder (limited to a person that holds more than fifty percent of the total shareholder voting rights in the bank; hereinafter the same applies in this Article) (if the bank's major shareholder is a company or other corporations, this includes the status of property of the subsidiary company of the bank's major shareholder or other companies that has a unique relationship specified by Cabinet Office Order with the bank's major shareholder), the Prime Minister, to the extent necessary, may indicate the measures that is required to be taken and the due date for taking them to the bank's major shareholder and request the shareholder to submit an improvement plan for ensuring soundness in bank management or order the shareholder to change the improvement plan that has been submitted, or may order measures that are necessary for supervision to be taken, to the extent necessary.

(2) If the Prime Minister issues an order under the preceding paragraph to a bank's major shareholder and finds it to be necessary in light of the implementation status of the measures under that order, the Prime Minister may order the bank in which the bank's major shareholder holds more than fifty percent of the total shareholder voting rights to take the necessary measures for ensuring the sound and appropriate management of the bank's services.

(Revoking the Authorization for Bank's Major Shareholders)

Article 52-15 (1) If a bank's major shareholder violates laws and regulations or a disposition by the Prime Minister based on laws and regulations, or commits an act that harms the public interest, the Prime Minister may order the bank's major shareholder to take measures that are necessary for supervision, or may revoke the authorization referred to in Article 52-9, paragraph (1) or the proviso to Article 52-9, paragraph (2) granted to the bank's major shareholder. In such a case, the authorization for incorporation referred to in paragraph (1) of that Article is deemed to have been granted to the bank's major shareholder that is a company or other corporations that have been incorporated by obtaining the authorization.

(2) If the authorization referred to in Article 52-9, paragraph (1) or in the proviso to Article 52-9, paragraph (2) is revoked pursuant to the provisions of the preceding paragraph, a bank's major shareholder must take measures that is required to be taken so that the shareholder will no longer be the holder of a

number of voting rights in the bank which is equal to or greater than the major shareholder threshold, within the period designated by the Prime Minister.

### **Subsection 3 Miscellaneous Provisions**

(Application of the Act to Bank's Foreign Major Shareholders)

Article 52-16 The special provisions and technical replacements of terms for applying this Act to the holder of a number of voting rights in a bank which is equal to or greater than the major shareholder threshold when the holder is a foreign national or foreign corporation (hereinafter referred to as a "bank's foreign major shareholder" in this Article), and other necessary matters for the application of the provisions of this Act to a bank's foreign major shareholder are specified by Cabinet Order.

## **Section 3 Special Provisions on Bank Holding Companies**

### **Subsection 1 General Rules**

(Authorization for Bank Holding Companies)

Article 52-17 (1) A company that seeks to become a holding company that has a bank as a subsidiary company or to incorporate such a holding company through any of the following transactions or actions, must obtain the authorization by the Prime Minister in advance:

- (i) acquisition of voting rights in the bank by the company or its subsidiary companies (excluding an acquisition of shares due to enforcement of a security right or other grounds specified by Cabinet Office Order);
- (ii) acquisition of the license referred to in Article 4, paragraph (1) by the subsidiary company of that company; or
- (iii) a transaction or action specified by Cabinet Order.

(2) A company that has become a holding company that has a bank as a subsidiary company due to grounds other than a transaction or action set forth in any of the items of the preceding paragraph (hereinafter referred to as "specified holding company") must file a notification with the Prime Minister indicating that it has become a holding company that has a bank as a subsidiary company and other particulars specified by Cabinet Office Order, within three months after the end of the business year that includes the day on which the grounds arose.

(3) A specified holding company must take the measures that are required to be taken so that it will no longer be a holding company that has a bank as its subsidiary company by the last day of the one-year period that begins on the final day of the business year that includes the day on which the grounds referred to in the preceding paragraph arose (hereinafter referred to as the

"last day of the grace period" in this paragraph and paragraph (5)); provided, however, that this does not apply if the specified holding company obtains the authorization by the Prime Minister to continue to be a holding company that has a bank as its subsidiary company even after the last day of the grace period.

- (4) When a specified holding company ceases to be a holding company that has a bank as its subsidiary company through a measure taken under the provisions of the preceding paragraph, it must file a notification to that effect with the Prime Minister, without delay. The same applies if a specified holding company ceases to be a holding company that has a bank as its subsidiary company without taking the measure.
- (5) The Prime Minister may order a company that has become a holding company which has a bank as its subsidiary company or a company that is incorporated as a holding company which has a bank as its subsidiary company through a transaction or action set forth in the items of paragraph (1) without obtaining the authorization referred to in that paragraph, or a company that remains to be a holding company which has a bank as its subsidiary company even after the last day of the grace period without obtaining the authorization referred to in the proviso to paragraph (3), to take the measures that is required to be taken so that it will no longer be a holding company that has a bank as its subsidiary company.

Article 52-18 (1) When an application is filed for the authorization referred to in paragraph (1) or the proviso to paragraph (3) of the preceding Article, the Prime Minister must examine whether the following criteria are met:

- (i) the company filing the application for the authorization or the company that is to be incorporated by obtaining the authorization (hereinafter referred to as the "applicant, etc." in this Article) and its subsidiary companies (including a company that is to become its subsidiary company; the same applies in the following item) have good prospects in terms of income and expenditures;
  - (ii) the adequacy of equity capital of the applicant, etc. and its subsidiary companies are appropriate in light of the assets that they own; and
  - (iii) in light of its personnel structure, the applicant, etc. has the knowledge and experience to carry out the business management of the subsidiary company or the bank that is to become its subsidiary company in an appropriate and fair manner, and has sufficient social credibility.
- (2) A bank holding company (excluding one established under foreign laws and regulations) must be a stock company that has the following organs:
- (i) a board of directors;
  - (ii) a board of company auditors, an audit and supervisory committee, or a

nominating committee, etc.; and  
(iii) a financial auditor.

(Restriction on the Concurrent Holding of Positions by Directors of Bank Holding Companies)

- Article 52-19 (1) Unless a director (or executive officer, if a bank is a company with nominating committee, etc.) that is engaged in the day-to-day business operations of a bank holding company obtains the authorization by the Prime Minister to do so, it is prohibited for the director to engage in the day-to-day business operations of other companies.
- (2) When an application is filed for the authorization referred to in the preceding paragraph, the Prime Minister must grant the authorization unless the Prime Minister finds that the particulars given in the application are likely to interfere with the sound and appropriate management of services at a bank that is the subsidiary company of the bank holding company.
- (3) The following persons may not become the director, executive officer, or company auditor of a bank holding company.
- (i) a person specified by Cabinet Office Order as being unable to properly perform their duties due to mental or physical disorder; or
  - (ii) a person subject to an order commencing bankruptcy proceedings and has not been released from bankruptcy restrictions or a person that is treated in the same manner under foreign laws and regulations.
- (4) The provisions of the proviso to Article 331, paragraph (2) of the Companies Act (Qualifications of Directors) (including as applied mutatis mutandis pursuant to Article 335, paragraph (1) (Qualifications of Company Auditors) of that Act), Article 332, paragraph (2) (Directors' Terms of Office) of that Act (including as applied mutatis mutandis pursuant to Article 334, paragraph (1) (Accounting Advisors' Terms of Office) of that Act), Article 336, paragraph (2) (Company Auditors' Terms of Office) of that Act, and the proviso to Article 402, paragraph (5) (Election of Executive Officers) of that Act do not apply to a bank holding company.
- (5) A bank holding company may not become the member with unlimited liability of a membership company or a member in charge of executing the business of a membership company.

(Application, Mutatis Mutandis of Provisions on a Bank's Major Shareholder)

Article 52-20 The provisions of Article 52-16 apply mutatis mutandis to a holding company incorporated under foreign laws and regulations which has a bank as its subsidiary company.

**Subsection 2 Services and Subsidiary Companies**

(Scope of Services of Bank Holding Companies)

- Article 52-21 (1) A bank holding company (limited to one that is not a subsidiary company of other banks or bank holding companies) must perform business management of a bank holding company group to which it belongs.
- (2) A bank holding company may not perform services other than the business management of the bank holding company group to which it belongs (limited to services related to the bank holding company and its subsidiary company; the same applies in paragraph (1) of the following Article) and services incidental to business management.
- (3) In performing its services, a bank holding company must endeavor to ensure the sound and appropriate management of services at any bank that is its subsidiary company.
- (4) The term "business management" as used in paragraphs (1) and (2) means the following actions:
- (i) formulating the bank holding company group's basic management policy or any other policy specified by Cabinet Office Order as being an equivalent policy, and ensuring their proper implementation;
  - (ii) undertaking the necessary coordination when there is a conflict of interest among the companies that belong to the bank holding company group;
  - (iii) developing systems specified by Cabinet Office Order as being necessary for ensuring that the execution of the bank holding company group's services complies with laws and regulations; and
  - (iv) beyond what is set forth in the preceding three items, actions specified by Cabinet Office Order as contributing to ensuring the sound and appropriate management of the bank holding company group's services.

- Article 52-21-2 (1) Notwithstanding the provisions of paragraph (2) of the preceding Article, a bank holding company (limited to one that performs business management of the bank holding company group to which the bank holding company belongs; the same applies in the following paragraph) may perform services on behalf of two or more companies which are common to those companies that belong to the bank holding company group of the bank holding company (limited to cases in which they include a bank) and which are specified by Cabinet Office Order as services that, if performed by the bank holding company, contribute to the uniform and efficient management of the bank holding company group's services.
- (2) When seeking to perform the services specified by Cabinet Office Order in the preceding paragraph, a bank holding company must obtain the authorization by the Prime Minister; provided, however, that this does not apply to minor services specified by Cabinet Office Order.

(Development of Systems to Protect the Interests of Customers)

- Article 52-21-3 (1) A bank holding company, pursuant to Cabinet Office Order, must appropriately manage information on the services performed by a bank that is the subsidiary company of the bank holding company, a bank agent that has a bank which is the subsidiary company of the bank holding company as its principal bank, or the bank holding company's parent financial institution, etc. or subsidiary financial institution, etc. (services limited to the banking, bank agency services, and other services specified by Cabinet Office Order); and must develop a system for appropriately supervising the implementation status of those services and take any other necessary measures, involved in the transactions conducted by a bank that is the subsidiary company of the bank holding company, a bank agent that has a bank which is the subsidiary company of the bank holding company as its principal bank, or the bank holding company's subsidiary financial institution, etc., so that the interests of the customers connected with those services are not unjustly impaired.
- (2) The term "parent financial institution, etc." as used in the preceding paragraph means a bank, financial instruments business operator, insurance company, or other persons engaged in financial services that are specified by Cabinet Order, which Cabinet Order prescribes as persons holding the majority of the total shareholder voting rights in the bank holding company or as having a close relationship with the bank holding company.
- (3) The term "subsidiary financial institution, etc." as used in paragraph (1) means a bank (other than a bank that is the subsidiary company of the bank holding company), financial instruments business operator, insurance company, or other persons engaged in financial services that are specified by Cabinet Order, which Cabinet Order prescribes as persons holding the majority of the total shareholder or investor voting rights or as having a close relationship with the bank holding company.

(Granting Credit and Making Contribution to a Single Person that is Related to Bank Holding Companies)

- Article 52-22 (1) The total amount for which credit is granted and contribution is made (meaning the grant of credit and the making of a financial contribution (including anything equivalent to the grant of credit or making of a contribution) specified by Cabinet Order; hereinafter the same applies in this Article) by a bank holding company or its subsidiary company, etc. (meaning a subsidiary company of the bank holding company (excluding one specified by Cabinet Office Order) and other persons that have a unique relationship specified by Cabinet Office Order with the bank holding company; hereinafter the same applies in this Article) to that one person (including persons that

have a unique relationship specified by Cabinet Order with that one person; hereinafter the same applies in this Article) must not exceed the amount arrived at by multiplying the total net amount of the equity capital of the bank holding company and its subsidiary companies by the percentage specified by Cabinet Order for each of the category specified by Cabinet Order (hereinafter the amount thus calculated is referred to as the "maximum amount of credit and contribution by a bank holding company" in this Article); provided, however, that this does not apply if the total amount for which credit is granted and contribution is made by a bank holding company and its subsidiary companies to that one person comes to exceed the maximum amount of credit and contribution by a bank holding company as a result of a merger, joint incorporation-type company split, absorption-type company split, or business acquisition by the person to which the credit is granted or the contribution is made, or due to other compelling reasons specified by Cabinet Order and the approval of the Prime Minister has been obtained.

- (2) The provisions of the preceding paragraph do not apply to the following grant of credit and making of contribution:
  - (i) the grant of credit to the State or a local public entity, the grant of credit for which redemption of the principal and payment of interest are guaranteed by the government, and any other extension of credit or making of a contribution specified by Cabinet Order as being equivalent to them; and
  - (ii) the grant of credit or the making of a contribution and any other grant of credit or making of a contribution specified by Cabinet Order to a person that is found to be substantially the same as a bank holding company that grants credit or makes contribution or its subsidiary company, etc.
- (3) In the case referred to in paragraph (1), if the total amount for which credit has been granted and contribution has been made to a single person by the bank holding company and its subsidiary companies, etc. exceeds the maximum amount of credit and contribution by a bank holding company, the excess amount of the credit that has been granted or the contribution that has been made is deemed to be the amount which the bank holding company has granted the credit or made the contribution.
- (4) If a bank holding company or its subsidiary company, etc. has granted credit or made a contribution, irrespective of the name used or the means used, for the purpose of evading the application of the provisions of the main clause of paragraph (1), and a person other than the named person is the one to which the credit is substantially granted or the contribution is substantially made, that grant of credit or making of a contribution is deemed to be the grant of credit or making of a contribution to the person to which the credit is substantially granted or the contribution is substantially made by the bank holding company or its subsidiary company, etc., and the aforementioned

provisions apply.

- (5) Beyond what is provided for in the preceding paragraphs, Cabinet Order prescribes the amount of credit and contribution, the method of calculating the total net amount of equity capital specified in paragraph (1) and the maximum amount of credit granted and contribution made by the bank holding company, and other particulars necessary for applying those provisions.

(Scope of Bank Holding Company's Subsidiary Companies)

Article 52-23 (1) A bank holding company must not have a company other than a bank or a company that falls under one of the following items (hereinafter referred to as a "company eligible to be a subsidiary company" in this Article and paragraph (2) of the following Article) as its subsidiary company:

- (i) a long-term credit bank;
- (i)-2 a company specialized in fund transfers;
- (ii) a company specialized in securities;
- (iii) a company specialized in securities intermediation;
- (iii)-2 a company set forth in Article 16-2, paragraph (1), item (iv)-2;
- (iv) an insurance company;
- (iv)-2 a small amount and short term insurer;
- (v) a company specialized in trust business;
- (vi) a foreign company engaged in banking;
- (vii) a foreign company engaged in securities-related services (excluding one that falls under the company set forth in the preceding item);
- (viii) a foreign company engaged in insurance business (excluding one that falls under the company set forth in item (vi));
- (ix) a foreign company engaged in trust business (excluding one that falls under the company set forth in item (vi));
- (x) a company exclusively engaged in the following services (if the company performs the service set forth in sub-item (a), limited to one that performs the service for the services performed by the bank holding company, its subsidiary companies (limited to banks and companies set forth in items (i), (i)-2, and (vi)) and other persons specified by Cabinet Office Order as being similar to them):
  - (a) services specified by Cabinet Office Order as being dependent on the services performed by a bank or a company set forth in any of the preceding items; or
  - (b) finance-related services (excluding specialized securities-related services prescribed in Article 16-2, paragraph (2), item (iii) if the bank holding company does not have a company specialized in securities, company specialized in securities intermediation, or foreign company engaged in securities services as its subsidiary company; excluding specialized

insurance-related services prescribed in item (iv) of that paragraph if the bank holding company does not have an insurance company, small amount and short term insurer, or foreign company engaged in insurance business as its subsidiary company; and excluding specialized trust services prescribed in item (v) of that paragraph if the bank holding company does not have a trust bank, company specialized in trust business, or foreign company engaged in trust business as its subsidiary company).

- (xi) a company specified by Cabinet Office Order as one that develops a new field of business (limited to the case in which the number of voting rights in the company that are held by the bank holding company or its subsidiary companies that are not subsidiary companies set forth in the preceding item that are specified by Cabinet Office Order (hereinafter referred to as a "specified subsidiary company" in the following item, item (xiii), and Article 52-24, paragraphs (7) and (8)) does not exceed the maximum threshold for voting rights (meaning the maximum threshold for voting rights prescribed in paragraph (1) of that Article; hereinafter the same applies in this Article and the following Article) when the voting rights are combined;
- (xii) a company specified by Cabinet Office Order as one that is engaged in new business that is found to contribute considerably to improving management (for a company that fails to meet the requirements specified by Cabinet Office Order in relation to the business plan or any measures based on the plan (referred to as "company under special business revitalization process" in Article 52-24, paragraphs (1) and (7)), limited to when the number of voting rights in that company that are held by the bank holding company or its subsidiary companies that are not specified subsidiary companies does not exceed the maximum threshold for voting rights when the voting rights are combined);
- (xiii) a company specified by Cabinet Office Order as one that is engaged in business activities that are found to contribute to regional development (limited to when the number of voting rights in that company that are held by the bank holding company or its subsidiary companies that are not specified subsidiary companies does not exceed the maximum threshold for voting rights when the voting rights are combined);
- (xiv) in addition to the company set forth in the preceding items, a company engaged in services that contribute to increased sophistication of the banking using information and telecommunications technology or other technologies conducted by the bank that is a subsidiary company of the bank holding company or to the enhanced convenience for bank users, or services that contribute to or are expected to contribute to regional development, improvement of industrial productivity, and other services for building a sustainable society;

- (xv) a holding company that has only a company eligible to be a subsidiary company as its subsidiary company, which is specified by Cabinet Office Order (including a company that is planned to become that holding company); and
  - (xvi) a foreign company that has only a company eligible to be a subsidiary company as its subsidiary company, which is of the same type as a holding company or is similar to a holding company (including a company that is planned to become that company, and excluding a company that falls under the company set forth in the preceding item).
- (2) The provisions of the preceding paragraph do not apply if a domestic company other than a company eligible to be a subsidiary company becomes the subsidiary company of a bank holding company through acquisition of shares or equity due to enforcement of a security right by a bank holding company or its subsidiary company, through acquisition of shares or equity in a company set forth in items (xi) through (xiii) of that paragraph by a bank holding company or its subsidiary company, or due to any other grounds specified by Cabinet Office Order; provided, however, that the bank holding company must take measures that are required to be taken so that the company that has become its subsidiary company will no longer be its subsidiary company by the last day of the one-year period that begins on the date on which the grounds (excluding a bank holding company's or its subsidiary company's acquisition of shares or equity in a company set forth in items (xi) through (xiii) of that paragraph or any other cause specified by Cabinet Office Order) arose.
- (3) Unless a bank holding company obtains authorization for a merger, company split, or business acquisition pursuant to the provisions of Article 52-35, paragraphs (1) through (3), it must obtain the authorization by the Prime Minister in advance, when the bank holding company seeks to make a bank or a company set forth in paragraph (1), items (i) through (x) or items (xiv) through (xvi) (excluding a company that exclusively engages in the services set forth in item (x), sub-item (a) of that paragraph or the services specified by Cabinet Office Order as incidental or related to banking; hereinafter referred to as a "bank, etc. eligible to be a subsidiary company" in this Article, Article 52-24, paragraph (4), item (iv), Article 53, paragraph (3), item (iv), and Article 65, item (xvii)) its subsidiary company (for a company set forth in paragraph (1), item (xiv) (excluding a company specified by Cabinet Office Order), when the bank holding company or its subsidiary company seeks to acquire or hold voting rights in that company that cause the number of voting rights to exceed the maximum threshold for voting rights when the voting rights are combined).
- (4) The provisions of the preceding paragraph do not apply if a bank, etc. eligible to be a subsidiary company becomes the subsidiary company of a bank holding company (for a company set forth in paragraph (1), item (xiv) (excluding a

company specified by Cabinet Office Order prescribed in the preceding paragraph), the company in which the bank holding company or its subsidiary companies hold a number of voting rights that exceeds the maximum threshold for voting rights when the voting rights combined; hereinafter the same applies in this paragraph) through the acquisition of shares or equity due to the enforcement of a security right by the bank holding company or its subsidiary company or due to other grounds specified by Cabinet Office Order; provided, however, that unless the bank holding company obtains the authorization by the Prime Minister to continue to have the bank, etc. eligible to be a subsidiary company that has become its subsidiary company as its subsidiary company, the bank holding company must take the measures that is required to be taken so that the bank, etc. eligible to be a subsidiary company will no longer be its subsidiary company by the last day of the one-year period that begins on the date on which the ground arose.

- (5) Notwithstanding the provisions of paragraph (1), a bank holding company may have a foreign company not eligible to be a subsidiary company as its subsidiary company until the last day of the ten-year period that begins on the date on which the foreign company not eligible to be a subsidiary company became its subsidiary company if the bank holding company falls under any of the following items:
- (i) if the bank holding company has a foreign company not eligible to be a subsidiary company as its subsidiary company due to having as its subsidiary company a foreign company eligible to be a subsidiary company (meaning one of the companies set forth in paragraph (1), items (vi) through (x) and item (xiv) (for the company set forth in items (x) and (xiv), limited to a foreign company), a holding company (limited to a company that has a company eligible to be a subsidiary company as its subsidiary company; referred to as a "special holding company" in Article 52-24, paragraph (1)), or a foreign company that is of the same type as a holding company or that is similar to a holding company (limited to a foreign company that has a company eligible to be a subsidiary company as its subsidiary company, and excluding a holding company); the same applies in this Article) that actually has a foreign company not eligible to be a subsidiary company as its subsidiary company, or a foreign specified finance-related services company (meaning a foreign company mainly engaged in finance-related services specified by Cabinet Office Order; and excluding a company set forth in paragraph (1), item (xi); hereinafter the same applies in this Article); and
  - (ii) if the foreign company not eligible to be a subsidiary company is a foreign specified finance-related services company (excluding the case set forth in the preceding item).
- (6) The provisions of paragraph (3) apply mutatis mutandis if a bank holding

company seeks to make a foreign specified finance-related services company (excluding one that a bank, etc. eligible to be a subsidiary company or another foreign specified financial service company actually has as its subsidiary company if the bank holding company seeks to make the bank, etc. eligible to be a subsidiary company or the other foreign specified finance-related services company its subsidiary company) its subsidiary company.

(7) Notwithstanding the provisions of paragraph (1), in the case falling under any of the items of paragraph (5), if a bank holding company obtains the approval of the Prime Minister, the bank holding company may continue to have a foreign company not eligible to be subsidiary company subject to the approval as its subsidiary company beyond the period referred to in paragraph (5).

(8) If the case falls under any of the following items, the Prime Minister is to give the approval referred to in the preceding paragraph:

(i) in light of securing the competitiveness of a foreign company eligible to be a subsidiary company (limited to a company set forth in paragraph (1), items (vi) through (x) and item (xiv); the same applies in the following item) or a foreign specified finance-related services company that a bank holding company actually has as its subsidiary company (for a foreign specified finance-related services company, limited to competitiveness in the finance-related services performed by the foreign specified finance-related services company; the same applies in item (xiv)) or other circumstances, it is found to be necessary for the bank holding company to continue to have a foreign company not eligible to be a subsidiary company (excluding a foreign specified financial service company) as its subsidiary company; or

(ii) in light of securing competitiveness of a foreign company eligible to be a subsidiary company or a foreign specified finance-related services company that a bank holding company actually has as its subsidiary company or other circumstances, it is found to be necessary for a foreign company not eligible to be a subsidiary company to continue to perform services other than finance-related services.

(9) If a bank holding company falls under any of the following items, the Prime Minister may extend the period referred to in paragraph (5) or the period extended pursuant to the provisions of this paragraph, for up to one year, upon application by the bank holding company:

(i) it is found that there is a compelling reason for the bank holding company being unable to take measures that is required to be taken so that the foreign company not eligible to be a subsidiary company which the bank holding company has as its subsidiary company will no longer be its subsidiary company by the last day of the period referred to in paragraph (5) or the period extended pursuant to the provisions of this paragraph, in light of situation of the financial market or capital market or other circumstances

in the country where the head office or principal office of the foreign company not eligible to be a subsidiary company the bank holding company actually has as its subsidiary company is located or where the head office or principal office of the company eligible to be a subsidiary company that actually has that foreign company as its subsidiary company is located; and (ii) it is found that there is a compelling reason for the bank holding company to continue to have as its subsidiary company the foreign company not eligible to be a subsidiary company which the bank holding company actually has as its subsidiary company, in order to execute the business of a foreign company eligible to be a subsidiary company or foreign specified finance-related services company which the bank holding company has made its subsidiary company.

(10) Notwithstanding the provisions of paragraph (1), if a foreign company eligible to be a subsidiary company or a foreign specified finance-related services company which a bank holding company actually has as its subsidiary company seeks to make a foreign company not eligible to be a subsidiary company (excluding a foreign specified finance-related services company; hereinafter the same applies in this paragraph) its subsidiary company, and the bank holding company obtains the authorization by the Prime Minister, the bank holding company may make the foreign company not eligible to be a subsidiary company subject to the authorization its subsidiary company.

(11) The provisions of paragraph (1), paragraph (5), paragraph (6) and the preceding paragraph do not apply if a foreign company not eligible to be a subsidiary company becomes the subsidiary company of a bank holding company through the acquisition of shares or equity due to the enforcement of a security right, by a bank holding company or its subsidiary company, through the acquisition of shares or equity in a company set forth in paragraph (1), items (xi) through (xiii) by a bank holding company or its subsidiary company, or due to any other grounds specified by Cabinet Office Order; provided, however, that unless the bank holding company obtains the authorization by the Prime Minister to continue to have as its subsidiary company the foreign company not eligible to be a subsidiary company that has become its subsidiary company (excluding the bank, etc. eligible to be a subsidiary company that has become the bank holding company's subsidiary company or a foreign specified finance-related services company which another foreign specified financial service company actually has as its subsidiary company), the bank holding company must take the measures that is required to be taken so that the foreign company not eligible to be a subsidiary company will be no longer its subsidiary company by the last day of the one-year period that begins on the date on which the grounds (excluding the acquisition of shares or equity in a company set forth in items (xi) through (xiii) of that paragraph by a bank

holding company or its subsidiary company or any other grounds specified by Cabinet Office Order) arose.

- (12) The provisions of paragraph (3) apply mutatis mutandis if the bank holding company seeks to make a company set forth in one of the items of paragraph (1) which it actually has as its subsidiary company into a subsidiary company that falls under the company set forth in any other item of that paragraph (limited to a bank, etc. eligible to be a subsidiary company), or if the bank holding company seeks to make a company set forth in item (xiv) of that paragraph (limited to a company specified by Cabinet Office Order that there is no serious risk that the interests of the customers related to the services of the bank holding company or the company set forth in item (xiv) of that paragraph would be unjustly impaired by its services or that it satisfies other requirements) which it actually has as its subsidiary company into a subsidiary company that falls under the company set forth in that item (excluding the company specified by Cabinet Office Order).
- (13) Notwithstanding the provisions of paragraph (1), in the case falling under any of the following items, if a bank holding company obtains the approval of the Prime Minister, the bank holding company may continue to have a foreign company not eligible to be a subsidiary company subject to the approval as its subsidiary company:
- (i) the bank holding company seeks to make the company set forth in paragraph (1), item (x) which it actually has as its subsidiary company a foreign specified finance-related services company; and
  - (ii) the bank holding company seeks to make a foreign company which it actually has as its subsidiary company (limited to a company eligible to be a subsidiary company) a foreign company not eligible to be a subsidiary company (excluding the case prescribed in paragraph (5), item (ii), the cases prescribed in paragraph (10) and the main clause of paragraph (11), and the case set forth in the preceding item).
- (14) The provisions of paragraph (8) apply mutatis mutandis to the approval referred to in the preceding paragraph.
- (15) If a bank holding company comes to know that a company eligible to be a subsidiary company (other than a subsidiary company of that bank holding company or a company set forth in paragraph (1), item (xiv) (excluding a company specified by Cabinet Office Order; hereinafter the same applies in this paragraph)) in which the bank holding company or its subsidiary companies hold a number of voting rights that exceeds the maximum threshold for voting rights when the voting rights are combined has become a company set forth in that item, or comes to know any other fact specified by Cabinet Office Order, the bank holding company must take the measures that needs to be taken so that the company set forth in that item will no longer be a company in which

the bank holding company and its subsidiary companies hold a number of voting rights that exceeds the maximum threshold for voting rights when the voting rights are combined by the last day of the one-year period that begins on the date on which the bank holding company has come to know of that fact, unless it obtains the authorization by the Prime Minister to continue to hold voting rights exceeding the maximum threshold for voting rights.

(Special Provisions on the Scope of Subsidiary Companies of a Bank Holding Company)

Article 52-23-2 (1) Notwithstanding the provisions of paragraph (1) of the preceding Article, a bank holding company may have the following companies as its subsidiary company (excluding the subsidiary company of a bank which is the subsidiary company of the bank holding company; hereinafter referred to as a "specified bank holding company subsidiary"):

- (i) a company exclusively engaged in the services of a special subsidiary company (excluding the following companies):
    - (a) a company exclusively engaged in the services set forth in paragraph (1), item (x), sub-item (a) or (b) of the preceding Article (limited to a company that performs the services set forth in sub-item (a) of that item (referred to as "dependent services" in the following paragraph)), which performs services for the business conducted by the bank holding company, its subsidiary company (limited to one that is a bank or a company set forth in paragraph (1), item (i) or (vi) of that Article), or any other person specified by Cabinet Office Order as similar to such a company; and
    - (b) a company set forth in paragraph (1), items (xi) through (xiv) of the preceding Article;
  - (ii) a company exclusively engaged in services in which a company set forth in the items of paragraph (1) of the preceding Article (excluding items (xi) through (xiv)) may engage in, or in the services of a special subsidiary company (excluding a company set forth in sub-item (b) of the preceding item).
- (2) The term "services of a special subsidiary company" as used in the items of the preceding paragraph means services which are other than those which a company eligible to be a subsidiary company (excluding a company set forth in paragraph (1), items (xi) through (xiv) of the preceding Article) may engage in (excluding dependent services; hereinafter referred to as "specified services" in this paragraph), and which are specified by Cabinet Office Order as equivalent to services concerning purchase and sale of commodities prescribed in Article 10, paragraph (2), item (xiv) related to financial derivative transactions prescribed in that item and other specified services.
- (3) A bank holding company must determine the services of the special

subsidiary company (meaning the services of a special subsidiary company prescribed in the preceding paragraph; hereinafter the same applies in this Article and Article 65, item (xvii)) which the specified bank holding company subsidiary seeks to engage in and obtain the authorization by the Prime Minister in advance, when seeking to make a company set forth in the items of paragraph (1) its specified bank holding company subsidiary pursuant to the provisions of that paragraph.

- (4) The provisions of the preceding paragraph do not apply if a company set forth in the items of paragraph (1) becomes a specified bank holding company subsidiary of a bank holding company due to the grounds specified by Cabinet Office Order that are prescribed in paragraph (4) of the preceding Article; provided, however, that unless the bank holding company obtains the authorization by the Prime Minister to continue to have the company which has become its specified bank holding company subsidiary as its specified bank holding company subsidiary, the bank holding company must take the measures required to be taken so that the company will no longer be its specified bank holding company subsidiary by the last day of the one-year period that begins on the date on which the grounds arose.
- (5) The provisions of paragraph (3) apply *mutatis mutandis* if a bank holding company seeks to make a company set forth in the items of paragraph (1) which it has as a specified bank holding company subsidiary a specified bank holding company subsidiary that engages in the services of a special subsidiary company other than the services of a special subsidiary company to which the authorization referred to in paragraph (3) (including as applied *mutatis mutandis* pursuant to this paragraph) or the proviso to the preceding paragraph concerns.
- (6) Notwithstanding the provisions of paragraphs (1), (3) and (4) of the preceding Article, a certified bank holding company (meaning a bank holding company that has been granted the certification referred to in the following paragraph; the same applies in paragraph (8), paragraph (9), and Article 52-34-2, paragraph (1)) may make a company that is exclusively engaged in advanced special banking services (meaning the services in which a company set forth in paragraph (1), item (xiv) of the preceding Article may engage and which are specified by Cabinet Office Order; hereinafter the same applies in this Article, Article 52-34-2, paragraph (2) and Article 65, item (xvii)) its specified bank holding company subsidiary.
- (7) Upon application of a bank holding company, the Prime Minister certifies that the bank holding company satisfies the criteria specified by Cabinet Office Order as criteria that are found to be necessary for ensuring the sound and appropriate management of services of the bank holding company and a bank that is the subsidiary company of the bank holding company, and a specified

bank holding company subsidiary that is exclusively engaged in special advanced banking services.

- (8) If a certified bank holding company seeks to make a company that is exclusively engaged in special advanced banking services its specified bank holding company subsidiary pursuant to the provisions of paragraph (6) (for a company that is exclusively engaged in special advanced banking services which is specified by Cabinet Office Order, if the certified bank holding company or its subsidiary company seeks to acquire or hold voting rights in that company that cause the number of voting rights to exceed the maximum threshold for voting rights when the voting rights are combined), the certified bank holding company must specify the special advanced banking services that the company seeks to engage in in advance and notify the Prime Minister of the services.
- (9) The provisions of the preceding paragraph do not apply if a company that is exclusively engaged in special advanced banking services becomes a certified bank holding company's specified bank holding company subsidiary (for a company specified by Cabinet Office Order that is prescribed in the preceding paragraph, the company in which the bank holding company or its subsidiary companies hold a number of voting rights that exceeds the maximum threshold for voting rights when the voting rights are combined; hereinafter the same applies in this paragraph and the following paragraph) due to the grounds specified by Cabinet Office Order that are prescribed in paragraph (4) of the preceding Article; provided, however, that unless the certified bank holding company notifies the Prime Minister that it will continue to have the company which has become its specified bank holding company subsidiary as its specified bank holding company subsidiary, the certified bank holding company must take the measures required to be taken so that the company will no longer be its specified bank holding company subsidiary by the last day of the one-year period that begins on the date on which the grounds arose.
- (10) When a bank holding company has made a company eligible to be a special subsidiary company (meaning the company set forth in the items of paragraph (1) or a company that is exclusively engaged in special advanced banking services; the same applies hereinafter) a specified bank holding company subsidiary pursuant to the provisions of paragraph (1) or (6), the bank holding company must take the measures required to be taken in order to satisfy the requirements specified by Cabinet Office Order as those that are found to be necessary for ensuring the sound and appropriate management of services at a bank that is the subsidiary company of the bank holding company, by taking into account the contents of the services in which that specified bank holding company subsidiary engages and other circumstances.
- (11) The provisions of the preceding paragraph do not apply to the cases

prescribed in the main clause of paragraph (4) and the main clause of paragraph (9) (excluding the case in which the bank holding company continues to have as its specified bank holding company subsidiary the company eligible to be a special subsidiary company that has become its specified bank holding company subsidiary with the authorization by the Prime Minister pursuant to the proviso to paragraph (4), and the case in which the bank holding company continues to have as its specified bank holding company subsidiary the company eligible to be a special subsidiary company that has become its specified bank holding company subsidiary (in case of a company specified by Cabinet Office Order as prescribed in paragraph (8), the company in which the bank holding company or its subsidiary companies hold a number of voting rights that exceeds the maximum threshold for voting rights when the voting rights are combined; hereinafter the same applies in this paragraph and Article 52-23-2, paragraph (2)) by filing a notification under the provisions of the proviso to paragraph (9)).

(Restriction on Acquisition of Voting Rights by Bank Holding Companies)

Article 52-24 (1) It is prohibited for a bank holding company or its subsidiary company to acquire or hold voting rights in a domestic company (excluding a bank, a company set forth in any of Article 52-23, paragraph (1), items (i) through (v), item (x), item (xii), item (xiv) and item (xv) (in the case of the company set forth in item (xii) of that paragraph, excluding a company under special business revitalization process), a special holding company (limited to one which the bank holding company has as its subsidiary company), a company eligible to be a special subsidiary company, or a company subject to special provisions; hereinafter the same applies in the following paragraph through paragraph (6)) that cause the number of voting rights held by the bank holding company or its subsidiary companies to exceed the maximum threshold for voting rights when combined (meaning the number of voting rights that is arrived at when the total shareholder or investor voting rights in the domestic company is multiplied by fifteen percent; the same applies hereinafter in this Article and Article 65, item (xvii)).

(2) The provisions of the preceding paragraph do not apply if a bank holding company or its subsidiary companies come to acquire or hold voting rights in a domestic company that exceed the maximum threshold for voting rights held through the acquisition of shares or equity due to the enforcement of a security right by the bank holding company or its subsidiary companies, or other grounds specified by Cabinet Office Order; provided, however, that unless the bank holding company obtains the approval of the Prime Minister in advance, the bank holding company or its subsidiary companies are prohibited from holding the part of the number of voting rights that they have come to acquire

or hold in excess of the maximum threshold for voting rights when the voting rights are combined, after one year has passed since the day on which they came to acquire or hold those voting rights.

- (3) In the case referred to in the proviso to the preceding paragraph, it is prohibited for the part of the number of voting rights in a domestic company that a bank holding company or its subsidiary companies have come to acquire or hold which exceeds fifty percent of the total shareholder or investor voting rights in that company when the voting rights are combined, to be made subject to the approval referred to in that paragraph that the Prime Minister gives; and if the Prime Minister gives the approval referred to in the preceding paragraph, this must be given on condition that the bank holding company or its subsidiary companies promptly dispose of the part of the voting rights they have come to acquire or hold in excess of the maximum threshold for voting rights.
- (4) Notwithstanding the provisions of paragraph (1), in the case prescribed in any of the following items, even if the voting rights in a domestic company that a bank holding company or its subsidiary companies have held as of the day specified in the relevant item or come to hold on that day exceed the maximum threshold for voting rights, the bank holding company or its subsidiary companies may hold those voting rights in excess of the maximum threshold for voting rights, from that day forward; provided, however, that the Prime Minister must not grant the authorization provided for in the following items when, in the case set forth each of those items, the bank holding company and its subsidiary companies have held or come to hold a number of voting rights in a domestic company that exceeds fifty percent of the total shareholder or investor voting rights in that company when the voting rights are combined:
- (i) a company that has obtained the authorization referred to in Article 52-17, paragraph (1) becomes the bank holding company: the day it has become that bank holding company;
  - (ii) the bank holding company is incorporated under the authorization referred to in Article 52-17, paragraph (1): the day it is incorporated;
  - (iii) a specified holding company becomes the bank holding company by obtaining the authorization referred to in the proviso to Article 52-17, paragraph (3): the day it has obtained the authorization;
  - (iv) the bank holding company has made a bank, etc. eligible to be a subsidiary company its subsidiary company by obtaining the authorization referred to in Article 52-23, paragraph (3) (limited to the case specified by Cabinet Office Order): the day it has made that bank its subsidiary company;
  - (v) the bank holding company implemented a merger by obtaining the authorization referred to in Article 52-35, paragraph (1) (limited to the case in which the bank holding company survives the merger): the day it

- implemented the merger;
- (vi) the bank holding company succeeds to a business in an absorption-type company split by obtaining the authorization referred to in Article 52-35, paragraph (2) (limited to the case specified by Cabinet Office Order): the day the absorption-type company split is implemented;
  - (vii) the bank holding company makes a business acquisition by obtaining the authorization referred to in Article 52-35, paragraph (3) (limited to the case specified by Cabinet Office Order): the day it acquired the business.
- (5) When giving the authorization provided for in the items of the preceding paragraph, the Prime Minister must give this on condition that the bank holding company or its subsidiary companies dispose of the part of the voting rights in the domestic company that it has held on the day specified in the each of those items or will come to hold on that day that will cause the number of voting rights to exceed the maximum threshold for voting rights when the voting rights are combined, in accordance with the criteria set by the Prime Minister, by the last day of the five-year period that begins on that day.
- (6) If a bank holding company or its subsidiary companies come to hold a number of voting rights in a domestic company that exceeds the maximum threshold for voting rights when the voting rights are combined, the bank holding company is deemed to be the one that has acquired or holds the part of the voting rights that is in excess.
- (7) In the case referred to in any of the preceding paragraphs, a specified subsidiary company is deemed not to be the subsidiary company of a bank holding company concerning the acquisition or holding of voting rights in a company set forth in Article 52-23, paragraph (1), item (xi), a company under special business revitalization process, or a company set forth in item (xiii) of that paragraph.
- (8) The term "company subject to special provisions" as used in paragraph (1) means a company specified by Cabinet Office Order as a company engaged in business activities that are found to contribute to regional development (limited to the case in which the company does not fall under a company set forth in Article 52-23, paragraph (1), item (xiii) and the number of voting rights in the company that are held by the bank holding company or those of its subsidiary companies that are not specified subsidiary companies does not exceed the maximum threshold for voting rights when the voting rights are combined) and a company that has a unique relationship specified by Cabinet Office Order with the company set forth in paragraph (1), items (xi) through (xiii) of that Article (limited to a company that is a subsidiary company of the bank holding company).
- (9) The provisions of Article 2, paragraph (11) apply mutatis mutandis to voting rights that a bank holding company or its subsidiary company acquires or

holds in the case referred to in the preceding paragraphs.

(Ensuring Soundness in Management of Banks Related to Bank Holding Companies)

Article 52-25 In order to contribute to the sound management of a bank's services, the Prime Minister may establish the criteria for a bank holding company to use in order to determine whether the adequacy of equity capital of the bank holding company and its subsidiary company is appropriate in light of the assets owned by the bank holding company and its subsidiary companies, and companies that have a unique relationship specified by Cabinet Office Order with the bank holding company (hereinafter referred to as "subsidiary company, etc." in this Section) and serve as a reference for determining the soundness of bank management.

**Subsection 3 Accounting**

(Business Year of Bank Holding Companies)

Article 52-26 The business year of a bank holding company is from April 1 to March 31 of the following year.

(Business Reports of Bank Holding Companies)

Article 52-27 (1) Each business year, a bank holding company must prepare an interim business report for the interim period of the business year that is a part of the relevant business year and a business report for the entire business year which state the status of business and property of the bank holding company and its subsidiary companies, etc. on a consolidated basis, and submit those reports to the Prime Minister.

(2) The particulars to be stated in the interim business report and the business report, the due dates for submission, and any other necessary particulars concerning those reports are specified by Cabinet Office Order.

(Public Notice of the Balance Sheets of Bank Holding Companies)

Article 52-28 (1) Each business year, a bank holding company must prepare a balance sheet and a profit and loss statement for the interim period of the business year which entries are made for the bank holding company and its subsidiary companies, etc. on a consolidated basis (hereinafter referred to as an "interim consolidated balance sheet, etc." in this Article), and prepare a balance sheet and a profit and loss statement for the entire business year (hereinafter referred to as a "consolidated balance sheet, etc." in this Article), pursuant to the provisions of Cabinet Office Order.

(2) Interim consolidated balance sheet, etc. and consolidated balance sheet, etc.

may be prepared as electronic or magnetic records.

- (3) A bank holding company must issue public notice of its interim consolidated balance sheet, etc. within three months after the end of the interim period of the business year, and of its consolidated balance sheet, etc. within three months after the end of the business year, pursuant to the provisions of Cabinet Office Order; provided, however, that if it is not possible for a bank holding company to issue public notice of these documents within the three-month period due to compelling reasons, the bank holding company may postpone the issue of public notice, with the approval of the Prime Minister.
- (4) Notwithstanding the provisions of the preceding paragraph, it is sufficient for a bank holding company that uses the means of public notice set forth in Article 57, item (i) to issue public notice that gives an overview of the interim consolidated balance sheet, etc. and consolidated balance sheet, etc., pursuant to the provisions of Cabinet Office Order. In such a case, the provisions of the proviso to the preceding paragraph apply *mutatis mutandis*.
- (5) Pursuant to the provisions of Cabinet Office Order, a bank holding company prescribed in the preceding paragraph may take a measure that uses electronic or magnetic means to make the interim consolidated balance sheet, etc. available to many and unspecified persons within three months after the end of the interim period of the business year, and to make the information contained in the consolidated balance sheet, etc. available to many and unspecified persons within three months after the end of the business year, for a continuous period of five years. In such a case, the bank is deemed to have issued the public notice under the provisions of paragraph (3).
- (6) The provisions of the preceding paragraphs do not apply to a bank holding company that is required to submit an annual securities report to the Prime Minister pursuant to the provisions of Article 24, paragraph (1) (Submission of Annual Securities Reports) of the Financial Instruments and Exchange Act.

(Public Inspection of Explanatory Documents on the Status of Business and Property of Bank Holding Companies)

Article 52-29 (1) Each business year, a bank holding company must prepare explanatory documents for the interim period of the business year that is a part of the business year, which state the particulars specified by Cabinet Office Order as relevant to the status of business and property of the bank holding company and its subsidiary companies, etc. on a consolidated basis, prepare explanatory documents for the entire business year which state these particulars on a consolidated basis, keep those documents at the business offices (excluding unmanned business offices and other offices specified by Cabinet Office Order; the same applies in paragraph (3)) of the banks which are subsidiary companies of the bank holding company, and make those

- documents available for public inspection. The same applies to the documents prepared pursuant to the provisions of paragraph (1) of the preceding Article.
- (2) Explanatory documents for the interim period of the business year and those for the entire business year provided in the first sentence of the preceding paragraph may be prepared as electronic or magnetic records.
- (3) If the explanatory documents for the interim period of the business year and those for the entire business year which are provided for in the first sentence of paragraph (1) or the documents provided for in the second sentence of that paragraph have been prepared as electronic or magnetic records, the bank holding company may take a measure that is specified by Cabinet Office Order as a measure that uses electronic or magnetic means to make the information recorded in an electronic or magnetic record available to many and unspecified persons at the business offices of the banks that are subsidiary companies of the bank holding company. In such a case, the bank holding company is deemed to have kept the explanatory documents for the interim period of the business year and those for the entire business year which are provided for in the first sentence of paragraph (1) or the documents provided for in the second sentence of that paragraph and have made them available for public inspection pursuant to the provisions of that paragraph.
- (4) Beyond what is provided for in the preceding three paragraphs, Cabinet Order prescribes the period of time during which explanatory documents for the interim period of the business year that is a part of the business year and those for the entire business year which are referred to in the first sentence of paragraph (1) and the documents referred to in the second sentence of that paragraph are made available for public inspection and the particulars necessary for the application of those provisions.
- (5) In addition to what is provided for in the preceding paragraphs, a bank holding company must endeavor to disclose information which is to serve as a reference for the depositors and other customers of the banks that are its subsidiary companies to learn the status of business and property of the bank holding company and its subsidiary companies, etc.

(Particulars to be Stated in the Business Report of Bank Holding Companies)  
Article 52-30 The particulars to be stated or recorded in business reports and annexed detailed statements which a bank holding company prepares pursuant to the provisions of Article 435, paragraph (2) (Preparation and Retention of Financial Statements) of the Companies Act are specified by Cabinet Office Order.

#### **Subsection 4 Supervision**

(Making Reports or Submitting Materials by Bank Holding Companies)

Article 52-31 (1) If the Prime Minister finds it to be necessary for ensuring the sound and appropriate management of a bank's services, the Prime Minister may request the bank holding company that has a bank as its subsidiary company to report or submit materials that are to serve as a reference for the status of business and property of that bank.

(2) If the Prime Minister requests a bank to make a report or submit materials pursuant to the provisions of Article 24, paragraph (1) or requests the bank holding company that has the bank as its subsidiary company to make a report or submit materials pursuant to the provisions of the preceding paragraph, and finds it to be particularly necessary, the Prime Minister may, to the extent necessary, ask the subsidiary corporation, etc. of that bank holding company (meaning a subsidiary company or a corporation specified by Cabinet Office Order as a corporation whose management is controlled by that bank holding company, and excluding the bank in question; the same applies in the following paragraph and paragraphs (2) and (5) of the following Article) or the person that a bank holding company has entrusted with its services (including a person further entrusted by that entrusted person (including entrustment at two or more degrees of separation from the original entrustment); the same applies in the following paragraph, and paragraphs (2) and (5) of the following Article) to make a report or submit materials that are to serve as a reference for the status of business or property of that bank or bank holding company.

(3) The subsidiary corporation, etc. of a bank holding company or the person that a bank holding company has entrusted with its services may refuse to make a report or submit materials pursuant to the provisions of the preceding paragraph if it has legitimate grounds for doing so.

(On-Site Inspection of Bank Holding Companies)

Article 52-32 (1) If the Prime Minister finds it to be necessary for ensuring the sound and appropriate management of a bank's services, the Prime Minister may have relevant officials enter the business office or other facilities of the bank holding company that has a bank as its subsidiary company, have those officials ask questions about the status of business or property of the bank or the bank holding company, and have them inspect the books, documents, and any other articles of the bank holding company.

(2) In entering a facility, conducting questioning or inspection at a bank pursuant to the provisions of Article 25, paragraph (1), or entering a facility, conducting questioning, or inspection at the bank holding company that has the bank as its subsidiary company pursuant to the provisions of the preceding paragraph, if the Prime Minister finds it to be particularly necessary, the Prime Minister may, to the extent necessary, have relevant officials enter the

business office or other facilities of a subsidiary corporation, etc. of the bank holding company or the business office or other facilities of the person that a bank holding company has entrusted with its services, have those officials ask questions about any particulars that are required in relation to the questioning or inspection of the bank or the bank holding company, and have them inspect its books, documents, and any other objects.

- (3) In the case referred to in the preceding two paragraphs, the officials must carry an identification card, and must present it if a person concerned requests them to do so.
- (4) The authority under paragraph (1) or (2) must not be construed as being granted for criminal investigation purposes.
- (5) The provisions of paragraph (3) of the preceding Article apply mutatis mutandis to the questioning and inspection pursuant to the provisions of paragraph (2) of the subsidiary corporation, etc. of a bank holding company or of the person that a bank holding company has entrusted with its services.

(Requesting Bank Holding Companies to Submit an Improvement Plan)

- Article 52-33 (1) If the Prime Minister finds it to be particularly necessary for ensuring the sound and appropriate management of services of a bank that is the subsidiary company of a bank holding company, in light of the status of business of the bank holding company or the status of property of the bank holding company and its subsidiary companies, etc., the Prime Minister may indicate to the bank holding company the particulars for which measures are required to be taken and the due date for taking them, request it to submit an improvement plan for ensuring soundness in bank management, or order it to change the improvement plan that has been submitted, or may order measures that are necessary for supervision to be taken, to the extent necessary.
- (2) An order pursuant to the provisions of the preceding paragraph (including the request to submit an improvement plan; the same applies in the following paragraph) that is issued when it is found necessary to do so in light of adequacy in the equity capital of the bank holding company and its subsidiary companies, etc. must be an order specified by Cabinet Office Order or Ministry of Finance Order in accordance with the category of adequacy in the equity capital of the bank holding company and its subsidiary companies, etc., as specified by Cabinet Office Order or Ministry of Finance Order.
  - (3) If the Prime Minister has issued the order pursuant to the provisions of paragraph (1) to a bank holding company, and finds it to be particularly necessary in light of the implementation status of the measures under that order, the Prime Minister may order a bank that is the subsidiary company of the bank holding company to take the necessary measures for ensuring the sound and appropriate management of its services.

(Revocation of the Authorization for Bank Holding Companies)

- Article 52-34 (1) If a bank holding company violates laws and regulations, its articles of incorporation, or a disposition by the Prime Minister based on the applicable laws and regulations, or commits an act that harms the public interest, the Prime Minister may order the bank holding company to dismiss its director, executive officer, accounting advisor, company auditor, or accounting auditor, order to take other measures that are necessary for supervision, or revoke the authorization referred to in Article 52-17, paragraph (1) or the proviso to Article 52-17, paragraph (3) for the bank holding company, or may order a bank that is the subsidiary company of that bank holding company to suspend all or part of its services. In such a case, the authorization for incorporation referred in paragraph (1) of that Article is deemed to have been granted to the bank holding company incorporated by obtaining that authorization.
- (2) If a bank holding company has its authorization referred to in Article 52-17, paragraph (1) or the proviso to Article 52-17, paragraph (3) revoked pursuant to the provisions of the preceding paragraph, it must take measures that is required to be taken so that it is no longer a holding company that has a bank as its subsidiary company, within the period designated by the Prime Minister.
- (3) If the measures provided for in the preceding paragraph are taken, and the company that has taken the measures is still the holder of a number of voting rights in the bank which is equal to or greater than the major shareholder threshold, the day on which those measures are taken is deemed to be the date on which the ground referred to in those provisions arose, and the provisions of Article 52-9, paragraph (2) apply.
- (4) If a holding company that has a bank as its subsidiary company falls under one of the following items and the Prime Minister finds it to be necessary, the Prime Minister may order the bank that is the subsidiary company of the holding company to suspend all or part of its services:
- (i) it became a holding company that has a bank as its subsidiary company through one of the transactions or actions set forth in the items of Article 52-17, paragraph (1), without obtaining the authorization referred to in the items of that paragraph;
  - (ii) it was incorporated as a holding company that has a bank as its subsidiary company without obtaining the authorization referred to in Article 52-17, paragraph (1);
  - (iii) it remains a holding company that has a bank as its subsidiary company after the last day of the grace period referred to in Article 52-17, paragraph (3), without obtaining the authorization referred to in the proviso to that paragraph; or

(iv) it is a holding company that has had the authorization referred to in Article 52-17, paragraph (1) or the proviso to Article 52-17, paragraph (3) revoked pursuant to the provisions of paragraph (1), has not taken the measures under paragraph (2), and still has a bank as its subsidiary company after the expiration of the period designated by the Prime Minister as prescribed in that paragraph.

(Revocation of Certification of Certified Bank Holding Companies)

Article 52-34-2 (1) If the Prime Minister finds that a certified bank holding company no longer satisfies the criteria prescribed in Article 52-23-2, paragraph (7), the Prime Minister may order the certified bank holding company to take measures necessary to satisfy the criteria by indicating the due date by which it is required to take the measures, or revoke the certification referred to in that paragraph.

(2) Unless a bank holding company whose certification referred to in Article 52-23-2, paragraph (7) has been revoked pursuant to the provisions of the preceding paragraph obtains the authorization by the Prime Minister to continue to have as its specified bank holding company subsidiary the company which is engaged in special advanced banking services and which the bank holding company has as its specified bank holding company subsidiary, the bank holding company is required to take the measures that is required to be taken so that the company is no longer its specified bank holding company subsidiary by the last day of the one-year period that begins on the date of revocation of the certification.

### **Subsection 5 Miscellaneous Provisions**

(Authorization for Merger, Company Split, or Business Transfer or Acquisition Involving Bank Holding Companies)

Article 52-35 (1) A merger in which bank holding companies are all or some of the parties (limited to a merger in which a company that was a bank holding company before the merger survives as a bank holding company after the merger) does not become effective without the authorization by the Prime Minister.

(2) Except as specified by Cabinet Order, a company split to which a bank holding company is a party (limited to a company split in which the bank holding company that has its business succeeded to or the bank holding company that succeeds to a business continues to exist as a bank holding company after the company split) does not become effective without the authorization by the Prime Minister.

(3) Except as specified by Cabinet Order, a business transfer or acquisition in

which a bank holding company transfers or acquires all or a part of its business (limited to a transfer or acquisition in which the bank holding company that transfers or acquires the business continues to exist as a bank holding company even after the transfer or acquisition) does not become effective without the authorization by the Prime Minister.

(4) The provisions of Article 52-18, paragraph (1) apply mutatis mutandis when an application for the authorization referred to in one of the preceding three paragraphs is filed.

## **Chapter VII-4 Bank Agency Services**

### **Section 1 General Rules**

(License)

Article 52-36 (1) A person may not perform bank agency services unless licensed by the Prime Minister to do so.

(2) A bank agent may not perform bank agency services unless entrusted by a principal bank to do so, or unless further entrusted to do so by a bank agent that has been entrusted to do so by a principal bank.

(3) A bank agent may not further entrust a person with bank agency services unless it obtains the approval of the principal bank to do so in advance.

(Application for a License)

Article 52-37 (1) A person seeking to obtain a license referred to in paragraph (1) of the preceding Article (hereinafter referred to as an "applicant" in paragraph (1) of the following Article and Article 52-42, paragraph (4)) must submit a written application that states the following particulars to the Prime Minister:

(i) the trade name or name of the applicant;

(ii) if the applicant is a corporation, the names of its officers;

(iii) the name and location of the applicant's business offices and other offices at which the bank agency services are to be performed;

(iv) the trade name of the principal bank;

(v) if the applicant conducts other business, the type of that business; and

(vi) other particulars specified by Cabinet Office Order.

(2) The following documents must be attached to the written application referred to in the preceding paragraph.

(i) if the applicant is a corporation, the articles of incorporation and certificate of registered information (or documents equivalent to them);

(ii) documents stating the things specified by Cabinet Office Order as the content of business and business methods of bank agency services; and

(iii) other documents specified by Cabinet Office Order.

(Criteria for License)

Article 52-38 (1) When an application is filed for the license referred to in Article 52-36, paragraph (1), the Prime Minister must examine whether the applicant meets the following criteria:

- (i) the applicant has the financial basis that is found to be necessary for performing bank agency services that meets the criteria specified by Cabinet Office Order;
  - (ii) in light of its personnel structure, the applicant has the ability necessary to perform bank agency services appropriately, fairly, and efficiently, and has sufficient social credibility; and
  - (iii) other business which the applicant conducts is unlikely to prevent the applicant from performing bank agency services properly and reliably.
- (2) If the Prime Minister finds it to be necessary in the public interest in light of the criteria of the examination pursuant to the provisions of the preceding paragraph, the Prime Minister may, to the extent necessary, attach conditions on the content of bank agency services or other particulars to the license referred to in Article 52-36, paragraph (1), and may change those conditions.

(Notification of Changes)

Article 52-39 (1) Except in cases specified by the Cabinet Office Order, if a particular set forth in any of the items of Article 52-37, paragraph (1) changes, the bank agent must file a notification to that effect with the Prime Minister, within 30 days after the day on which the change occurred, pursuant to the provisions of Cabinet Office Order.

- (2) When seeking to change a particular prescribed in the document set forth in Article 52-37, paragraph (2), item (ii), a bank agent must file a notification to that effect with the Prime Minister, pursuant to the provisions of Cabinet Office Order.

(Posting of Signs)

Article 52-40 (1) A bank agent must post a sign in the form specified by Cabinet Office Order in a place easily seen by the public at each of its business offices and other offices where the bank agent performs bank agency services.

- (2) It is prohibited for a person other than a bank agent to post the sign referred to in the preceding paragraph or a sign similar to the sign.

(Prohibition on Lending of One's Name)

Article 52-41 A bank agent must not allow another person to engage in bank agency services using their name.

**Section 2 Services**

(Scope of Services)

- Article 52-42 (1) In addition to bank agency services and services incidental to bank agency services, a bank agent may perform other services with the approval of the Prime Minister.
- (2) When an application is filed for the approval referred to in the preceding paragraph, the Prime Minister may choose not to grant the approval only for cases in which it is found that conducting the services related to the application is likely to interfere with the proper and reliable performance of bank agency services.
- (3) A bank agent may not conduct services other than those conducted pursuant to the provisions of paragraph (1).
- (4) If a written application for the license referred to in Article 52-36, paragraph (1) states that the applicant will conduct services other than bank agency services and services incidental to them, and the applicant obtains that license, the applicant is deemed to have obtained the approval referred to in paragraph (1) for those services.

(Separate Management)

Article 52-43 When a bank agent receives delivery of money or other properties from a customer in connection with an action set forth in any of the items of Article 2, paragraph (14) (hereinafter referred to as "activity as a bank agent" in this Chapter), the bank agent must manage the money or other properties separately from its own property, pursuant to the provisions of Cabinet Office Order.

(Explanation to Customers)

- Article 52-44 (1) Before engaging in activities as a bank agent, a bank agent must disclose the following information to the customer:
- (i) the trade name of the principal bank;
  - (ii) whether the bank agent acts as an agent or as an intermediary, for concluding the contracts prescribed in the items of Article 2, paragraph (14); and
  - (iii) other particulars specified by Cabinet Office Order.
- (2) In order to contribute to the protection of depositor, etc. with regard to the actions set forth in Article 2, paragraph (14), item (i) (excluding acting as agent or intermediary for a contract for specified deposit, etc.), a bank agent must provide information of the content of the contracts involving deposits or installment savings, etc. and other information that is to serve as a reference for the depositors, etc., pursuant to the provisions of Cabinet Office Order.
- (3) Beyond what is prescribed in the preceding two paragraphs, Article 52-45-2,

and other laws, a bank agent must explain material particulars related to its activities as a bank agent to customers, appropriately handle customer information acquired in connection with its activities as a bank agent, and take other measures for ensuring the sound and appropriate management of its operations, pursuant to the provisions of Cabinet Office Order.

(Prohibited Actions Concerning Bank Agency Services)

Article 52-45 A bank agent must not engage in any of the following actions (excluding the actions set forth in item (v), in acting as agent or intermediary regarding a contract of specified deposit, etc.) concerning its bank agency services:

- (i) conveying false information to a customer;
- (ii) providing a customer with a conclusive assessment on a matter that is uncertain or with information that could mislead the customer into believing that an uncertain matter is actually certain;
- (iii) acting as an agent or intermediary for concluding a contract which concerns lending of funds or discounting of a bill for a customer on the condition that the customer conducts a transaction related to the services performed by the bank agent, the subsidiary company of the bank agent, or a person that has a close relationship specified by Cabinet Office Order with the bank agent (referred to as "closely related person" in the following item) (excluding an action specified by Cabinet Office Order as unlikely to result in insufficient customer protection);
- (iv) acting as an agent or intermediary for concluding a contract which concerns lending of funds or discounting of a bill for a closely related party with terms and conditions that are more favorable than ordinary terms and conditions applied to transactions with the principal bank, with the knowledge that those terms and conditions will put the principal bank at a disadvantage, in light of the ordinary terms and conditions for transactions by the principal bank (excluding an action specified by Cabinet Office Order as unlikely to impair the sound and appropriate performance of the services of the principal bank)
- (v) beyond what is set forth in the preceding items, an action specified by Cabinet Office Order as resulting in insufficient customer protection or being unlikely to impair the sound and appropriate performance of the services of the principal bank.

(Application, Mutatis Mutandis of the Financial Instruments and Exchange Act Concerning Bank Agents)

Article 52-45-2 The provisions of Chapter III, Section 2, Subsection 1 of the Financial Instruments and Exchange Act (Articles 35 through 36-4 (Scope of

Services for Persons Engaged in Type-I Financial Instruments Business or Investment Management Business; Scope of Concurrent Business by Persons Only Engaged in Type-II Financial Instruments Business or Investment Advisory and Agency Business; Development of an Operational Control System; Duty of Sincerity to Customers; Posting Signs; Prohibition on Lending of One's Name; Prohibition on Corporate Bond Management), Article 37, paragraph (1), item (ii) (Regulation on Advertising), Article 37-2 (Obligation to Clarify the Conditions of Transactions in Advance), Article 37-3, paragraph (1), items (ii) and (vi) and paragraph (3) (Delivery of Documents Prior to the Conclusion of a Contract), Article 37-5 (Delivery of Documents in Connection with the Receipt of a Security Deposit), Article 37-6, paragraphs (1) and (2), the proviso to paragraph (4), and paragraph (5) (Written Cancellation), Article 37-7 (Obligation to Conclude a Contract with a Designated Dispute Resolution Organization), Article 38, item (i), item (ii), item (vii) and item (viii), Article 38-2 (Prohibited Actions), the proviso to Article 39, paragraph (3), and paragraph (4), paragraph (6) and paragraph (7) of that Article (Prohibition on Compensation of Loss), Articles 40-2 through 40-7 (excluding Best Execution Policy; Prohibition of Purchase and Sale If Separate Management Is Not Ensured; Prohibition of Public Offering If Money Has Been Diverted; Restrictions on the Purchase and Sale of Securities for Professional Investors; Obligation to Notify in Connection with Securities for Professional Investors, Prohibition of Trading Against Self, Obligation to Use an Electronic Data Processing Systems for Over-the-Counter Transactions of Derivatives)) (General Rules) apply mutatis mutandis to a bank agent's actions as agent or intermediary for the conclusion of a contract for specified deposit, etc. In such cases, the term "financial instruments business" in these provisions is deemed to be replaced with "actions as an agent or intermediary in a person's conclusion of a contract for specified deposit, etc. as defined in Article 13-4 of the Banking Act"; the phrase "act that constitutes a Financial Instruments transaction" in these provisions is deemed to be replaced with "conclusion of a contract for specified deposit, etc. as defined in Article 13-4 of the Banking Act"; the term "financial instruments transaction contract" in these provisions (excluding Article 37-6, paragraph (3)) is deemed to be replaced with "contract for specified deposit, etc. as defined in Article 13-4 of the Banking Act"; the phrase "seeks to conclude" in Article 37-3, paragraph (1) of the Financial Instruments and Exchange Act is deemed to be replaced with "acts as agent or intermediary for the conclusion of"; the term "must be delivered" in that paragraph is deemed to be replaced with "in addition to delivery, in order to contribute to the protection of depositor, etc. (meaning depositors, etc. as defined in Article 2, paragraph (5) of the Banking Act; hereinafter the same applies in this paragraph), must provide the customer with information on the

content of the specified deposit, etc. contract and other information that is to serve as a reference to the depositors, etc. in advance, pursuant to the provisions of Cabinet Office Order; the term "financial instruments business operator, etc." in Article 37-3, paragraph (1), item (i) of the Financial Instruments and Exchange Act is deemed to be replaced with "principal bank (meaning a principal bank as defined in Article 2, paragraph (16) of the Banking Act) on behalf of which the bank agent (meaning a bank agent as defined in Article 2, paragraph (15) of the Banking Act) is acting"; in Article 37-6, paragraph (3) of that Act, the phrase "If a financial instruments transaction contract becomes subject to a cancellation" is deemed to be replaced with "If a financial instruments business operator pays damages or other money to a bank for the cancellation of a contract for specified deposit, etc. (meaning a specified deposit, etc. contract prescribed in Article 13-4 of the Banking Act; the same applies in Article 39)" and the phrase "may not request the customer to pay damages or a penalty for the cancellation of that financial instruments transaction contract beyond the amount specified by Cabinet Office Order as the amount of fees, remuneration, or other consideration payable by the customer with regard to that financial instruments transaction contract (referred to as a "consideration" in the following paragraph) for the period until the cancellation of that financial instruments transaction contract" is deemed to be replaced with "may not request the customer to pay damages or a penalty in connection with that payment"; in Article 39, paragraph (1), item (i) of that Act, the phrase "a purchase and sale or other transaction of securities (excluding a purchase and sale with a repurchase requirement and a predetermined repurchase price, and other transactions specified by Cabinet Order) or a derivatives transaction (hereinafter collectively referred to as a "purchase and sale or other transaction of securities, etc." in this Article)" is deemed to be replaced with "the conclusion of a specified deposit, etc. contract", the phrase "securities or derivatives transaction (hereinafter referred to as 'securities, etc.' in this Article)" is deemed to be replaced with "specified deposit, etc. contract", the phrase "customer (if a trust company, etc. (meaning a trust company or a financial institution that has obtained the authorization referred to in Article 1, paragraph (1) of the Act on Engagement in Trust Business by Financial Institutions; the same applies hereinafter) conducts the purchase and sale of securities or a derivatives transaction on the account of a person that establishes a trust based on a trust contract, this includes the person that establishes the trust; hereinafter the same applies in this Article)" is deemed to be replaced with "customer", and the phrase "to supplement its profits" is deemed to be replaced with "to supplement its profits, without concluding the contract for specified deposit, etc."; in Article 39, paragraph (1), item (ii) of that Act, the term "a purchase and sale or other transaction of

securities, etc." is deemed to be replaced with "the conclusion of a contract for specified deposit, etc.", the term "securities, etc." is deemed to be replaced with "contract for specified deposit, etc.", and the phrase "in order to add to" is deemed to be replaced with "in order to add to the profit that the customer has accrued in connection with those securities, etc., other than as under the contract for specified deposit, etc."; in item (iii) of that paragraph, the term "a purchase and sale or other transaction of securities, etc." is deemed to be replaced with "the entry into a contract for specified deposit, etc.", the term "securities, etc." is deemed to be replaced with "contract for specified deposit, etc." and the term "in order to add to" is deemed to be replaced with "in order to add to the profit that the customer has accrued in connection with those securities, etc., without concluding the contract for specified deposit, etc."; in paragraph (2) of that Article, the term "a purchase and sale or other transaction of securities, etc." is deemed to be replaced with "the conclusion of a contract for specified deposit, etc. "; in paragraph (3) of that Article, the phrase "which is specified by Cabinet Office Order as a potential cause of" is deemed to be replaced with "which is a potential cause of"; and any other necessary technical replacement of terms is specified by Cabinet Order.

(Non-Business Days and Business Hours of Specified Bank Agents)

- Article 52-46 (1) The non-business days of a specified bank agent (meaning a bank agent that conducts specified activities as a bank agent (to act as an agent in concluding contracts that concern the acceptance of deposits, as specified by Cabinet Office Order; the same applies in paragraph (1) of the following Article); the same applies in the following paragraph and that Article) are limited to Sundays and the other days specified by Cabinet Order.
- (2) The business hours of a specified bank agent are specified by Cabinet Office Order in consideration of the status of financial transactions.

(Temporary Suspension of Business)

- Article 52-47 (1) Except in the case specified by Cabinet Office Order, when a specified bank agent temporarily suspends all or part of services at its business office or other offices where services involved in specified activities as a bank agent is performed due to a natural disaster or for any other compelling reasons, the specified bank agent must immediately file a notification to that effect with the Prime Minister and give the reason for this, as well as post a sign to that effect at the business office or other offices. The same applies if the specified bank agent resumes all or part of its services at a business office or other offices in which it has temporarily suspended all or part of its services.
- (2) Notwithstanding the provisions of the preceding paragraph, the posting of a sign at the business office pursuant to the provisions of that paragraph is not

required if a specified bank agent temporarily suspends part of its services at unmanned business offices or other unmanned offices, and in other cases specified by Cabinet Office Order.

(Principal Bank's Discontinuation of Business)

Article 52-48 When a bank agent receives a notification referred to in Article 38 from its principal bank, the bank agent must, pursuant to the provisions of Cabinet Office Order, post the content of the notification received in a place easily seen by the public at all of the business offices and other offices where it performs bank agency services for that principal bank, for a period of not less than one month.

### **Section 3 Accounting**

(Books and Documents Concerning Bank Agency Services)

Article 52-49 A bank agent must prepare and preserve books and documents concerning bank agency services pursuant to the provisions of Cabinet Office Order.

(Written Reports on Bank Agency Services)

Article 52-50 (1) Each business year, a bank agent must prepare a written report on its bank agency services and submit it to the Prime Minister, pursuant to the provisions of Cabinet Office Order.

(2) Pursuant to the provisions of Cabinet Office Order, the Prime Minister must make a report on bank agency services referred to in the preceding paragraph available for public inspection, with the exception of particulars that could harm the confidentiality of customers or put a bank agent at an undue disadvantage in executing its services if made available for public inspection.

(Public Inspection of Principal Bank's Explanatory Documents)

Article 52-51 (1) For each business year of a principal bank or of the bank holding company that has that principal bank as its subsidiary company, a bank agent must keep the documents that its principal bank prepares pursuant to the provisions of Article 20, paragraphs (1) and (2) and Article 21, paragraphs (1) and (2) or the documents that the bank holding company that has that principal bank as its subsidiary company prepares pursuant to the provisions of Article 52-28, paragraph (1) and Article 52-29, paragraph (1), at all of the business offices and other offices where the bank agent performs bank agency services for that principal bank, and make the documents available for public inspection.

(2) If the explanatory documents provided for in the preceding paragraph have

been prepared as electronic or magnetic records, the bank agent may take a measure that is specified by Cabinet Office Order as a measure that uses electronic or magnetic means to make the information contained in the explanatory documents available to many and unspecified persons at all of their business offices or other offices that perform bank agency services. In such a case, the bank agent is deemed to have made the explanatory documents available for public inspection pursuant to the provisions of the preceding paragraph.

- (3) Beyond what is provided for in the provisions of the preceding two paragraphs, Cabinet Order prescribes the period of time during which the documents referred to in those paragraphs are made available for public inspection and other particulars necessary for applying the provisions of those paragraphs.

#### **Section 4 Supervision**

(Notification of Business Discontinuance)

Article 52-52 If a bank agent comes to fall under any of the cases in the following items, the person specified in that item must file a notification to that effect with the Prime Minister, within 30 days from the day on which the bank agent came to fall under the case:

- (i) the bank agent discontinues bank agency services, has the whole bank agency services succeeded to in a company split, or transfers the whole bank agency services: the individual or corporation that has discontinued the bank agency services, has them succeeded to, or has transferred them;
- (ii) the bank agent is an individual and that individual dies: the heir;
- (iii) the bank agent is a corporation and that corporation ceases to exist due to a merger: the person that was the officer representing that corporation;
- (iv) the bank agent is a corporation and that corporation is dissolved due to an order commencing bankruptcy proceedings: the bankruptcy trustee;
- (v) the bank agent is a corporation and that corporation is dissolved for reasons other than a merger or an order commencing bankruptcy proceedings: the liquidator; or
- (vi) the bank agent obtains registration referred to in Article 12 (Registration) of the Act on the Provision of Financial Services (limited to one concerning the type of deposit, etc. intermediary business operations (meaning the deposit, etc. intermediary business operations as defined in Article 11, paragraph (2) (Definitions) of that Act; hereinafter the same applies in this item and Article 52-60-2, paragraph (1))) or obtains registration of change referred to in Article 16, paragraph (1) (Registration of Changes) of that Act (limited to one concerning the addition of the type of deposit, etc. intermediary business operations): the person that has obtained the

registration or the registration of change.

(Making Reports or Submitting Materials by Bank Agents)

Article 52-53 If the Prime Minister finds it to be necessary for ensuring the sound and appropriate management of bank agency services by a bank agent, the Prime Minister may ask the bank agent to make a report or submit materials on the status of their business or property.

(On-Site Inspection of Bank Agents)

Article 52-54 (1) If the Prime Minister finds it to be necessary for ensuring the sound and appropriate management of bank agency services by a bank agent, the Prime Minister may have relevant officials enter the business office, office, or other facilities of the bank agent, have those officials ask questions on the status of their business or property, and have them inspect the books, documents, and any other articles.

- (2) In the case referred to in the preceding paragraph, the relevant officials must carry an identification card, and must present it if a person concerned requests them to do so.
- (3) The authority under paragraph (1) must not be construed as being granted for criminal investigation purposes.

(Business Improvement Orders)

Article 52-55 If the Prime Minister finds it to be necessary for ensuring the sound and appropriate management of bank agency services by a bank agent in light of the status of business or property of that bank agent, the Prime Minister may order the bank agent to change their business content or business methods and order other measures that are necessary for supervision, to the extent necessary.

(Supervisory Dispositions for a Bank Agent)

Article 52-56 (1) If a bank agent falls under any of the following items, the Prime Minister may revoke the license referred to in Article 52-36, paragraph (1) or order it to suspend all or part of its bank agency services by setting a due date:

- (i) the bank agent no longer meets the criteria set forth in the items of Article 52-38, paragraph (1);
- (ii) it is discovered that the bank agent has obtained the license referred to in Article 52-36, paragraph (1) by wrongful means;
- (iii) the bank agent violates the conditions attached to the license referred to in Article 52-36, paragraph (1);
- (iv) the bank agent violates laws and regulations or a disposition on laws and

- regulations by the Prime Minister; or
- (v) the bank agent commits an act that harms the public interest.
- (2) If an officer of a bank agent comes to fall under any of the items (iii) through (v) of the preceding paragraph, the Prime Minister may order the bank agent to dismiss that officer.

(Expiration of License)

Article 52-57 If a bank agent falls under any of the following items, the license referred to in Article 52-36, paragraph (1) ceases to be effective:

- (i) the bank agent comes to fall under any of the items of Article 52-52;
- (ii) the bank agent no longer has a principal bank; or
- (iii) the bank agent fails to commence bank agency services within six months from the day on which it obtained the license (unless there are compelling reasons and the bank agent has obtained the approval of the Prime Minister in advance).

## **Section 5 Principal Banks**

(Guidance to Bank Agents)

Article 52-58 (1) Pursuant to the provisions of Cabinet Office Order, a principal bank must give guidance on the services involved in bank agency services that its bank agent performs and take other measures to ensure sound and appropriate management of those services.

- (2) Pursuant to the provisions of Cabinet Office Order, a principal bank agent (meaning a bank agent that further entrusts another bank agent with bank agency services; the same applies hereinafter) must give guidance on the services involved in bank agency services that the secondary bank agent (meaning a bank agent that carries out bank agency services on re-entrustment from a principal bank agent; the same applies hereinafter) performs, and take other measures to ensure sound and appropriate management of those services.

(Compensation Liability of Principal Banks)

Article 52-59 (1) A principal bank is liable to compensate for any damage that its bank agent causes a customer in its activities as a bank agent.

- (2) The provisions of the preceding paragraph do not apply in the following cases:
- (i) in respect of activities as a bank agent that the bank agent performs under entrustment by the principal bank, if the principal bank exercises due care in entrusting the bank agent with those activities and endeavors to prevent the occurrence of the damage that it causes to a customer in connection with the activities as a bank agent it performs; or

- (ii) in respect of activities as a bank agent that the secondary bank agent performs, if the principal bank exercises due care in giving permission on re-entrustment of those activities to the secondary bank agent and endeavors to prevent the occurrence of the damage that the secondary bank agent causes to a customer in connection with the activities as a bank agent it performs.
- (3) A principal bank agent is liable to compensate for any damage that its secondary bank agent causes a customer in its activities as a bank agent; provided, however, that this does not apply if the principal bank agent exercises due care in further entrusting the secondary bank agent with those activities and endeavors to prevent the occurrence of the damage that the secondary bank agent causes to the customer in connection with the activities as a bank agent it performs.
- (4) The provisions of paragraph (1) do not preclude the principal bank from exercising its right of reimbursement against the bank agent, and the provisions of the preceding paragraph do not preclude the principal bank agent from exercising its right of reimbursement against the secondary bank agent.
- (5) The provisions of Article 724 (Extinctive Prescription of Right to Demand Compensation for Damage Caused by a Tort) and Article 724-2 (Extinctive Prescription of Right to Demand Compensation for Damage Arising from Death or Personal Injury Caused by a Tort) of the Civil Code apply mutatis mutandis to the claim referred to in paragraph (1) or paragraph (3).

(Bank Agent Register)

- Article 52-60 (1) Pursuant to the provisions of Cabinet Office Order, a principal bank must keep a register of its bank agents at its business offices (other than unmanned business offices and other business offices specified by Cabinet Office Order).
- (2) When it is necessary, a depositor, etc. or other interested persons may make a demand to inspect the register referred to in the preceding paragraph to the principal bank.

## **Section 6 Miscellaneous Provisions**

(Exclusion from Application)

- Article 52-60-2 (1) Notwithstanding the provisions of Article 52-36, paragraph (1), a bank, etc. (meaning a bank or a person engaged in financial services specified by Cabinet Order, and excluding a person that has obtained the registration (limited to one concerning the type of deposit, etc. intermediary business operations) referred to in Article 12 (Registration) of the Act on the Provision of Financial Services; hereinafter the same applies in this Article) may perform bank agency services.

- (2) If a bank, etc. performs bank agency services pursuant to the provisions of the preceding paragraph, the bank, etc. is deemed to be a bank agent, and the provisions of Article 13-2, Article 24, Article 25, Article 38, Article 48, Article 52-36, paragraphs (2) and (3), Article 52-39 (excluding paragraph (1) if the bank performs bank agency services) through Article 52-41, Articles 52-43 through 52-56, the preceding three Articles, Article 53, paragraph (4), Article 56 (limited to the part related to item (xi)), Article 57-7, paragraph (2), and the provisions of Chapter IX and Chapter X related to those provisions apply. In such cases, in Article 52-56, paragraph (1), the term "any of the following items" is deemed to be replaced with "item (iv) or item (v)", the phrase "revoke the license referred to in Article 52-36, paragraph (1) or order it to suspend all or part of its bank agency services by setting a due date" is deemed to be replaced with "order it to suspend all or part of its bank agency services by setting a due date", and any other necessary technical replacement of terms is specified by Cabinet Order.
- (3) A bank, etc. must submit documents stating the particulars set forth in the items of Article 52-37, paragraph (1) and the documents set forth in Article 52-37, paragraph (2), item (ii) with the Prime Minister when it seeks to engage in bank agency services.

## **Chapter VII-5 Electronic Payment Handling Services**

### **Section 1 General Rules**

(Registration)

Article 52-60-3 Notwithstanding the provisions of Article 52-36, paragraph (1), a person that is registered by the Prime Minister may engage in electronic payment handling services.

(Application for Registration)

Article 52-60-4 (1) A person that seeks to obtain the registration referred to in the preceding Article (referred to as a "applicant for registration" in paragraph (2) of the following Article and Article 52-60-6) must submit a written application for registration stating the following particulars to the Prime Minister:

- (i) the trade name and address;
- (ii) the amount of stated capital;
- (iii) the name and location of the business office where the applicant for registration conducts electronic payment handling services;
- (iv) the names of the officers (if the applicant for registration is a foreign electronic payment handling service provider, including a person that is treated in the same manner under foreign laws and regulations and the

- representative in Japan; the same applies in Article 52-60-6, paragraph (1), item (ix), Article 52-60-8, paragraph (3), and Article 52-60-23, paragraph (3));
- (v) the trade name of the entrusting bank;
  - (vi) the business content and business methods related to electronic payment handling services; and
  - (vii) other particulars specified by Cabinet Office Order.
- (2) The following documents must be attached to the written application for registration referred to in the preceding paragraph:
- (i) a document in which the applicant for registration pledges that they do not fall under any of the items of Article 52-60-6, paragraph (1) (excluding item (iv));
  - (ii) the articles of incorporation and a certificate of registered information (or documents equivalent to them); and
  - (iii) other documents specified by Cabinet Office Order.

(Implementing Registration)

Article 52-60-5 (1) If an application is filed for the registration referred to in Article 52-60-3, the Prime Minister must register the following particulars in the electronic payment handling service providers register, except when the Prime Minister refuses to register the applicant for registration pursuant to the provisions of paragraph (1) of the following Article:

- (i) the particulars set forth in the items of paragraph (1) of the preceding Article; and
  - (ii) the date of registration and the registration number.
- (2) When the Prime Minister registers an applicant for registration pursuant to the provisions of the preceding paragraph, the Prime Minister must notify the applicant for registration to that effect without delay.
- (3) The Prime Minister must make the electronic payment handling service providers register available for public inspection.

(Refusal of Registration)

Article 52-60-6 (1) The Prime Minister must refuse the registration of an applicant for registration if the applicant falls under any of the following items, or if a written application for registration referred to in Article 52-60-4, paragraph (1) or any attached document contains a false statement on material particulars or lacks a statement of material facts:

- (i) a person other than a stock company or a foreign electronic payment handling service provider (limited to a foreign company that has a business office in Japan);
- (ii) a foreign electronic payment handling service provider that is a corporation which does not have a representative in Japan (limited to a person who has

- an address in Japan);
- (iii) a corporation that does not have a financial basis that satisfies the criteria specified by Cabinet Office Order as those found to be necessary for performing electronic payment handling services in a proper and reliable manner;
  - (iv) a corporation that has not established a system for performing electronic payment handling services in a proper and reliable manner;
  - (v) a corporation which seeks to use a trade name that is the same as the one currently being used by another electronic payment handling service provider or that is likely to be mistaken for another electronic payment handling service provider;
  - (vi) a corporation subject to any of the following dispositions, and for which five years have not passed since the date of the disposition:
    - (a) a revocation of the license referred to in Article 52-36, paragraph (1) pursuant to the provisions of Article 52-56, paragraph (1);
    - (b) a revocation of the license referred to in Article 92-2, paragraph (1) of the Agricultural Cooperatives Act (Act No. 132 of 1947), which is made pursuant to the provisions of Article 52-56, paragraph (1) as applied mutatis mutandis pursuant to Article 92-4, paragraph (1) of that Act;
    - (c) a revocation of the license referred to in Article 106, paragraph (1) (License) of the Fisheries Cooperative Act (Act No. 242 of 1948), which is made pursuant to the provisions of Article 52-56, paragraph (1) as applied mutatis mutandis pursuant to Article 108, paragraph (1) (Application, Mutatis Mutandis of the Banking Act to Specified Credit Business Agency Services) of that Act;
    - (d) a revocation of the license referred to in Article 6-3, paragraph (1) (License for Agency Services for Credit Cooperatives) of the Act on Financial Businesses by Cooperative (Act No. 183 of 1949), which is made pursuant to the provisions of Article 52-56, paragraph (1) as applied mutatis mutandis pursuant to Article 6-4-2, paragraph (1) (Application, Mutatis Mutandis of the Banking Act to Credit Cooperative Agents) of that Act;
    - (e) a revocation of the license referred to in Article 85-2, paragraph (1) (License) of the Shinkin Bank Act, which is made pursuant to the provisions of Article 52-56, paragraph (1) as applied mutatis mutandis pursuant to Article 89, paragraph (5) (Application, Mutatis Mutandis of the Banking Act) of that Act;
    - (f) a revocation of the license referred to in Article 16-5, paragraph (1) (License for Agency Services for Long-Term Credit Bank) of the Long-Term Credit Bank Act, which is made pursuant to the provisions of Article 52-56, paragraph (1) as applied mutatis mutandis pursuant to Article 17

- (Application, Mutatis Mutandis of the Banking Act) of that Act;
- (g) a revocation of the license referred to in Article 89-3, paragraph (1) (License) of the Labor Bank Act (Act No. 227 of 1953), which is made pursuant to the provisions of Article 52-56, paragraph (1) as applied mutatis mutandis pursuant to Article 94, paragraph (3) (Application, Mutatis Mutandis of the Banking Act) of that Act;
  - (h) a revocation of the license referred to in Article 95-2, paragraph (1) (License) of the Norinchukin Bank Act, which is made pursuant to the provisions of Article 52-56, paragraph (1) as applied mutatis mutandis pursuant to Article 95-4, paragraph (1) (Application, Mutatis Mutandis of the Banking Act to Norinchukin Bank Agency Services) of that Act;
  - (i) a revocation of the registration referred to in Article 52-60-3 pursuant to the provisions of Article 52-60-23, paragraph (1) or (3);
  - (j) a revocation of the registration referred to in Article 6-4-3, paragraph (1) (Registration of Electronic Payment Handling Services for Credit Cooperatives) of the Act on Financial Businesses by Cooperative, which is made pursuant to the provisions of Article 52-60-23, paragraph (1) or (3) as applied mutatis mutandis pursuant to Article 6-5, paragraph (1) (Application, Mutatis Mutandis of the Banking Act to Electronic Payment Handling Services for Credit Cooperatives) of that Act;
  - (k) a revocation of the registration referred to in Article 85-3, paragraph (1) (Registration) of the Shinkin Bank Act, which is made pursuant to the provisions of Article 52-60-23, paragraph (1) or (3) as applied mutatis mutandis pursuant to Article 89, paragraph (7) of that Act; or
  - (l) a revocation of the license or the registration that is the same kind as the licenses or registrations referred to in sub-items (a) through (k) which the applicant for registration has obtained in a foreign country pursuant to the provisions of the foreign laws and regulations that are equivalent to this Act, the Agricultural Cooperatives Act, Fisheries Cooperative Act, Act on Financial Businesses by Cooperative, Shinkin Bank Act, Long-Term Credit Bank Act, Labor Bank Act or Norinchukin Bank Act (including administrative dispositions similar to the license or the registration);
  - (vii) a corporation that has been sentenced to a fine (including an equivalent sentence under foreign laws and regulations) for violating the provisions of this Act, the Agricultural Cooperatives Act, Fisheries Cooperative Act, Act on Financial Businesses by Cooperative, Shinkin Bank Act, Long-Term Credit Bank Act, Labor Bank Act, Norinchukin Bank Act, or any other laws specified by Cabinet Order or for violating the provisions of foreign laws and regulations that are equivalent to those laws, and for which five years have not passed since the day on which the corporation finished serving the sentence or ceased to be subject to the sentence;

- (viii) a corporation which engages in another business that is found to be contrary to the public interest;
- (ix) a corporation whose officers include a person that fall under any of the following persons:
  - (a) a person specified by Cabinet Office Order as being unable to properly perform duties related to electronic payment handling services due to mental or physical disorder;
  - (b) a person subject to an order commencing bankruptcy proceedings and has not been released from bankruptcy proceedings, or a person equivalent to them under foreign laws and regulations;
  - (c) a person that has been sentenced to imprisonment or a heavier punishment (including an equivalent sentence under foreign laws and regulations), and for whom five years have not passed since the day on which the person finished serving the sentence, or ceased to be subject to the sentence;
  - (d) if a corporation was subject to one of the dispositions set forth in item (vi), sub-item (a) through (l), a person who was an officer of the corporation within 30 days prior to the date of the disposition, and for whom five years have not passed since the date of the disposition;
  - (e) a person that was subject to one of the dispositions set forth in item (vi), sub-items (a) through (h) or sub-item (l), and for whom five years have not passed since the date of the disposition; or
  - (f) a person that has been sentenced to a fine (including an equivalent sentence under foreign laws and regulations) for violating the provisions of this Act, the Agricultural Cooperatives Act, Fisheries Cooperative Act, Act on Financial Businesses by Cooperative, Shinkin Bank Act, Long-Term Credit Bank Act, Labor Bank Act, Norinchukin Bank Act, or any other laws specified by Cabinet Order or for violating the provisions of foreign laws and regulations that are equivalent to those laws, and for whom five years have not passed since the day on which the person finished serving the sentence or ceased to be subject to the sentence;
- (2) If the Prime Minister refuses the registration pursuant to the provisions of the preceding paragraph, the Prime Minister must notify the applicant for registration to that effect by indicating the reason for the refusal, without delay.

(Notification of Changes)

Article 52-60-7 (1) When seeking to change any of the particulars set forth in Article 52-60-4, paragraph (1), item (v) or (vi) (excluding cases specified by Cabinet Office Order as being less likely to result in insufficient protection of customers of electronic payment handling services or impair the proper and

reliable performance of electronic payment handling services), an electronic payment handling service provider must file a notification to that effect with the Prime Minister in advance.

- (2) Except in the case specified by the Cabinet Office Order, if a particular set forth in any of the items of Article 52-60-4, paragraph (1) changes (excluding the case in which a notification pursuant to the provisions of the preceding paragraph is filed), the electronic payment handling service provider must file a notification to that effect with the Prime Minister pursuant to the provisions of Cabinet Office Order, within 30 days after the day on which the change occurred.
- (3) Upon accepting the notification pursuant to the provisions of the preceding two paragraphs, the Prime Minister must register the particular that has been notified in the electronic payment handling service providers register.

(Special Provisions on Electronic Payment Handling Services)

Article 52-60-8 (1) Notwithstanding the provisions of Article 52-61-2, if an electronic payment handling service provider does not fall under Article 52-61-5, paragraph (1), item (i), sub-items (c) through (e) and item (ii), sub-item (b), 4. through 6., the electronic payment handling service provider may engage in electronic payment services related to the entrusting bank only when they conduct the services upon entrustment by customers of the electronic payment handling services of the electronic payment handling service provider that have opened a deposit account with the entrusting bank.

- (2) If an electronic payment handling service provider engages in electronic payment services pursuant to the provisions of the preceding paragraph, the electronic payment handling service provider is deemed to be an electronic payment service provider, and the provisions of Article 52-61-4, Article 52-61-6, Article 52-61-7, paragraph (1) (excluding item (ii)), Articles 52-61-8 through 52-61-16, Article 52-61-17, paragraph (1), Articles 52-61-19 through 52-61-30, Article 53, paragraph (6), and Article 56 (limited to the parts related to item (xxi) and items (xxiii) through (xxv)) and the provisions of Chapter IX which are related to those provisions apply. In such a case, in Article 52-61-4, paragraph (1), the phrase "If an application is filed for a registration referred to in Article 52-61-2, ..., except when refusing to register the applicant pursuant to the provisions of paragraph (1) of the following Article" is deemed to be replaced with "If a notification under Article 52-60-8, paragraph (3) is filed," and the phrase "register the following particulars in the electronic payment service providers register" is deemed to be replaced with "record the following particulars in the register"; the phrase "particulars set forth in the items of paragraph (1) of the preceding Article" in item (i) of that paragraph is deemed to be replaced with "trade name, names of officers (in the case of a

foreign electronic payment handling service provider, including a person that is treated in the same manner under foreign laws and regulations and its representative in Japan; the same applies in Article 52-61-7, paragraph (1), item (iii)), the name and location of the business office in which electronic payment services are conducted, and other particulars specified by Cabinet Office Order"; the term "date of registration and the registration number" in item (ii) of that paragraph is deemed to be replaced with "date of notification and the notification acceptance number"; in paragraph (2) of that Article, the term "registers" is deemed to be replaced with "enters," and the term "applicant for registration" is deemed to be replaced with "person who has filed a notification under the provisions of Article 52-60-8, paragraph (3)"; the term "electronic payment service providers register" in paragraph (3) of that Article is deemed to be replaced with "register referred to in paragraph (1)"; the term "any of the items of Article 52-61-3, paragraph (1)" in Article 52-61-6, paragraph (1) is deemed to be replaced with "Article 52-61-4, paragraph (1), item (i)"; "register...in the electronic payment service providers register" in paragraph (2) of that Article is deemed to be replaced with "enter...in the register referred to in Article 52-61-4, paragraph (1)"; the term "individual or corporation" in Article 52-61-7, paragraph (1), item (i) is deemed to be replaced with "corporation"; the term "trade name or name" in Article 52-61-8, paragraph (1), item (i) is deemed to be replaced with "trade name"; the term "business office or office" in item (iv) of that paragraph and the term "business office or office" in Article 52-61-15, paragraph (1) are deemed to be replaced with "business office"; in Article 52-61-17, paragraph (1), the term "any of the following items" is deemed to be replaced with "item (iii)," and the term "revoke the registration under Article 52-61-2, or order the suspension of all or a part of its business during a designated period of no longer than six months" is deemed to be replaced with "order the suspension of all or a part of its electronic payment services during a designated period of no longer than six months"; and the phrase "foreign corporation or an individual who has an address in a foreign country" and the term "foreign corporation or individual" in Article 52-61-30 are deemed to be replaced with "foreign corporation"; and any other necessary technical replacement of terms is specified by Cabinet Order.

- (3) When an electronic payment handling service provider seeks to engage in electronic payment services pursuant to the provisions of paragraph (1), the electronic payment handling service provider must submit documents stating their trade name, names of the officers, the name and location of the business office where they conduct electronic payment services, and other particulars specified by Cabinet Office Order, documents set forth in Article 52-61-3, paragraph (2), item (iii), a document in which the electronic payment handling

service provider pledges that they do not fall under Article 52-61-5, paragraph (1), item (i), sub-items (c) through (e) and item (ii), sub-item (b), 4. through 6., and other documents specified by Cabinet Office Order to the Prime Minister.

(Posting of Signs)

- Article 52-60-9 (1) An electronic payment handling service provider must post a sign in the form specified by Cabinet Office Order in a place that is easily seen by the public at each of their business offices where the electronic payment handling service provider performs electronic payment handling services.
- (2) An electronic payment handling service provider must publicize their trade name and other particulars specified by Cabinet Office Order by using the internet or by other means specified by Cabinet Office Order.
- (3) It is prohibited for a person other than an electronic payment handling service provider to post the sign referred to in paragraph (1) or a sign similar thereto.

(Prohibition on Lending One's Name)

Article 52-60-10 An electronic payment handling service provider must not have another person engage in electronic payment handling services using their name.

## **Section 2 Services**

(Explanation to Customers)

- Article 52-60-11 (1) When engaging in an action set forth in any of the items of Article 2, paragraph (17), an electronic payment handling service provider must explain the following particulars to customers in advance, except in the case specified by Cabinet Office Order:
- (i) the trade name and address of the electronic payment handling service provider;
  - (ii) particulars concerning the authority of the electronic payment handling service provider;
  - (iii) particulars concerning compensation for damage by the electronic payment handling service provider;
  - (iv) the contact information of the business office that handles complaints from or provides consultations to customers on electronic payment handling services;
  - (v) the trade name of the entrusting bank; and
  - (vi) other particulars specified by Cabinet Office Order.
- (2) An electronic payment handling service provider, pursuant to the provisions of Cabinet Office Order, must take measures of providing customers with

information to prevent them from mistaking electronic payment handling services for the services conducted by banks, for ensuring the proper handling and safe control of the information on customers that the electronic payment handling service provider has acquired in connection with the electronic payment handling services, for ensuring the precise execution of electronic payment handling services when the electronic payment handling service provider entrusts a part of the services to a third party, and take other measures for ensuring the sound and appropriate management of electronic payment handling services.

(Duty of Good Faith of Electronic Payment Handling Service Providers)

Article 52-60-12 An electronic payment handling service provider must perform their services on behalf of its customers in good faith.

(Prohibition on Deposit of Money)

Article 52-60-13 An electronic payment handling service provider must not, for any reason, receive a deposit of money or other property from a customer, or have a person specified by Cabinet Order as having a close relationship with that electronic payment handling service provider deposit a customer's money or other property, in connection with the electronic payment handling services they provide; provided, however, that this does not apply in cases specified by Cabinet Office Order as being less likely to result in insufficient customer protection.

(Obligation to Conclude Contracts with an Entrusting Bank)

Article 52-60-14 When engaging in electronic payment handling services, an electronic payment handling service provider must conclude a contract with an entrusting bank for electronic payment handling services in which particulars for sharing the liability to compensate for damages incurred by customers between the entrusting bank and the electronic payment handling service provider and other particulars specified by Cabinet Office Order are provided for, and conduct electronic payment handling services related to that entrusting bank in accordance with the contract.

(Obligation to Conclude a Contract with a Designated Dispute Resolution Organization for Electronic Payment Handling Services)

Article 52-60-15 (1) An electronic payment handling service provider must take the measures specified in the following items in accordance with the category of the cases set forth in each of those items:

- (i) if there is a designated dispute resolution organization for electronic payment handling services (meaning a designated dispute resolution

- organization for which the type of dispute resolution services is electronic payment handling services; hereinafter the same applies in this Article): measures of concluding a basic contract for the implementation of dispute resolution procedures with a single designated dispute resolution organization for electronic payment handling services; and
- (ii) if there is no designated dispute resolution organization for electronic payment handling services: complaint processing measures (meaning the measures for having a person set forth in Article 52-73, paragraph (3), item (iii) provide advice or guidance to the employee or any other workers engaged in the work of processing complaints from customers or any other measures specified by Cabinet Office Order as being equivalent to them) and dispute resolution measures (meaning the measures for resolving a dispute with customers through certified dispute resolution procedures (certified dispute resolution procedures as defined in Article 2, item (iii) (Definitions) of the Act on Promotion of Use of Alternative Dispute Resolution) or any other measures specified by Cabinet Office Order as being equivalent to them), in connection with electronic payment handling services.
- (2) If an electronic payment handling service provider takes measures of concluding a basic contract for the implementation of dispute resolution procedures pursuant to the provisions of the preceding paragraph, the service provider must publicize the trade name or name of the designated dispute resolution organization for electronic payment handling services that is the other party to the basic contract for the implementation of dispute resolution procedures.
- (3) The provisions of paragraph (1) do not apply to the period specified in the following items, in accordance with the category of cases set forth in each of those items:
- (i) a case that had fallen under the category of the case set forth in paragraph (1), item (i), which has come to fall under the category of the case set forth in item (ii) of that paragraph: the period that the Prime Minister specifies as the period necessary for taking the measures specified in paragraph (1), item (ii) at the time of granting the authorization to discontinue dispute resolution services pursuant to the provisions of Article 52-83, paragraph (1) or of revoking the designation pursuant to the provisions of Article 52-84, paragraph (1);
- (ii) a case that had fallen under the category of the case set forth in paragraph (1), item (i), in which the discontinuation of the dispute resolution services of the single designated dispute resolution organization for electronic payment handling services referred to in that item has been authorized pursuant to the provisions of Article 52-83, paragraph (1), or the designation pursuant to the provisions of Article 52-62, paragraph (1) of the single designated dispute

resolution organization for electronic payment handling services referred to in that item has been revoked pursuant to the provisions of Article 52-84, paragraph (1) (excluding the cases set forth in the preceding item): the period that the Prime Minister specifies as the period necessary for taking the measures specified in paragraph (1), item (i) at the time of granting the authorization or making the revocation; and

(iii) a case that had fallen under the category of the case set forth in paragraph (1), item (ii), which has come to fall under the category of the case set forth in item (i) of that paragraph: the period that the Prime Minister specifies as the period necessary for taking the measures specified in paragraph (1), item (i) at the time of making the designation pursuant to the provisions of Article 52-62, paragraph (1).

(Prohibited Actions Concerning Electronic Payment Handling Services)

Article 52-60-16 An electronic payment handling service provider must not perform any of the following actions (excluding the action set forth in item (iii) for electronic payment-related deposit intermediary services under a contract of specified deposit, etc.) concerning their electronic payment handling services:

- (i) conveying false information to a customer;
- (ii) providing a customer with a conclusive assessment on a matter that is uncertain or with information that could mislead the customer into believing that an uncertain matter is actually certain;
- (iii) beyond what is set forth in the preceding two items, an action specified by Cabinet Office Order as being likely to result in insufficient customer protection or to impair the sound and appropriate performance of the services of the entrusting bank.

(Application, Mutatis Mutandis of the Financial Instruments and Exchange Act)

Article 52-60-17 The provisions of Chapter III, Section 1, Subsection 5 of the Financial Instruments and Exchange Act (excluding the provisions of Article 34-2, paragraphs (6) through (8) (Cases in Which a Professional Investor Is Deemed to Be a Customer Other Than a Professional Investor), and Article 34-3, paragraphs (5) and (6) (When a Customer Other than a Professional Investor Is a Corporation and That Corporation Is Deemed to Be a Professional Investor)) (Professional Investors), Section 2, Subsection 1 of that Chapter (Articles 35 to 36-4 (Scope of Services for Persons Engaged in Type-I Financial Instruments Business or Investment Management Business; Scope of Concurrent Business by Persons That Only Engage in Type-II Financial Instruments Business or Investment Advisory and Agency Business;

Establishment of an Operational Control System; Duty of Sincerity to Customers, Posting Signs, Prohibition on Lending One's Name, and Prohibition on Corporate Bond Management), Article 37-2 (Obligation to Clarify the Conditions of Transactions in Advance), Article 37-3, paragraph (1), item (vi) and paragraph (3) (Delivery of Documents Prior to the Conclusion of a Contract), Article 37-5 (Delivery of Documents in Connection with the Receipt of a Security Deposit), Article 37-6, paragraph (1), paragraph (2), the proviso to paragraph (4), and paragraph (5) (Written Cancellation); Article 37-7 (Obligation to Conclude a Contract with a Designated Dispute Resolution Organization); Article 38, items (i), (ii), (vii) and (viii), Article 38-2 (Prohibited Actions); the proviso to Article 39, paragraph (3), and paragraphs (4), (6) and (7) of that Article (Prohibition on Compensation of Loss); Articles 40-2 through 40-7 (excluding Best Execution Policy; Prohibition of Purchase and Sale If Separate Management Is Not Ensured; Prohibition of Public Offering If Money Has Been Diverted; Restrictions on the Purchase and Sale of Securities for Professional Investors; Obligation to Notify in Connection with Securities for Professional Investors; Prohibition of Trading Against Self; Obligation to Use an Electronic Data Processing System for Over-the-Counter Transactions of Derivatives)) (General Rules); and provisions of Article 45 (excluding items (iii) and (iv)) (Miscellaneous Provisions) of the Financial Instruments and Exchange Act apply mutatis mutandis to an electronic payment handling service provider engaging in electronic payment-related deposit intermediary services concerning a contract of specified deposit, etc. In such cases, the term "financial instruments transaction contract" in these provisions (excluding the provisions of Article 34 and Article 37-6, paragraph (3) of that Act) is deemed to be replaced with "contract for specified deposit, etc."; in Article 34 of that Act, the phrase "contract for the financial instruments business operator, etc. to perform an action that constitutes a financial instruments transaction (meaning an act as defined in the items of Article 2, paragraph (8); the same applies hereinafter) with the customer as the other party or on behalf of the customer (hereinafter the contract is referred to as a "financial instruments transaction contract")" is deemed to be replaced with "contract for specified deposit, etc. (meaning a contract for specified deposit, etc. prescribed in Article 13-4 of the Banking Act; the same applies hereinafter," the phrase "paragraph (31), item (iv) of that Article" is deemed to be replaced with "Article 2, paragraph (31), item (iv)", the phrase "financial instruments transaction contract...the same contract type as the financial instruments transaction contract" is deemed to be replaced with "contract for specified deposit, etc. ... the same contract type as the contract for specified deposit, etc.", the phrase "has never in the past concluded a financial instruments transaction contract" is deemed to be replaced with "has never in the past provided intermediary

services for concluding a contract for specified deposit, etc.", and the phrase "concluding the financial instruments transaction contract" is deemed to be replaced with "providing intermediary services for concluding a contract for specified deposit, etc."; the term "or concludes" in Article 34-2, paragraph (2) of that Act is deemed to be replaced with "or provides intermediary services for"; the phrase "or concludes" in paragraph (3), item (iii) of that Article is deemed to be replaced with "or provides intermediary services for"; the term "concludes" in paragraph (5), item (ii) of that Article is deemed to be replaced with "or provides intermediary services for concluding"; the term "concluding" in Article 34-3, paragraph (2), item (ii) of that Act is deemed to be replaced with "providing intermediary services for"; the term "subject contract with" in item (iv), sub-item (a) of that paragraph is deemed to be replaced with "subject contract through the intermediary services of"; the term "concluding" in items (v) and (vi) of that paragraph is deemed to be replaced with "providing intermediary services for"; the term "concludes" in paragraph (4), item (ii) is deemed to be replaced with "provides intermediary services for concluding"; the term "or concludes" in paragraph (10) and Article 34-4, paragraph (5) is deemed to be replaced with "or provides intermediary services for"; the term "trade name or name" in Article 37, paragraph (1), item (i) of that Act is deemed to be replaced with "trade name"; the phrase "performance of an action that constitutes a financial instruments transaction" in paragraph (2) of that Article is deemed to be replaced with "conclusion of a contract for specified deposit, etc."; in Article 37-3, paragraph (1) of that Act, the term "seeks to conclude" is deemed to be replaced with "seeks to provide intermediary services for concluding", and the phrase "must deliver a document stating the following particulars to the customer..." is deemed to be replaced with "must deliver a document stating the following particulars to the customer..., and provide the customer with the content of the contract for specified deposit, etc. and other information that is to serve as a reference for the customer pursuant to the provisions of Cabinet Office Order in order to contribute to customer protection"; the phrase "trade name or name and address of the financial instruments business operator, etc." in item (i) of that paragraph is deemed to be replaced with "trade names and addresses of the financial instruments business operator, etc. and the entrusting bank (meaning the entrusting bank as defined in Article 2, paragraph (17), item (ii) of the Banking Act; the same applies in Article 37-6, paragraph (3)) pertaining to the contract for specified deposit, etc."; the phrase "an action that constitutes a financial instruments transaction carried out" in item (v) of that paragraph is deemed to be replaced with "a contract for specified deposit, etc. concluded"; in Article 37-6, paragraph (3) of that Act, the phrase "If a financial instruments transaction contract becomes subject to a cancellation under paragraph (1)" is deemed to be

replaced with "If damages or other money is paid to the entrusting bank due to the cancellation of a contract for specified deposit, etc. upon the request of a customer," the phrase "request the customer to pay damages or a penalty for the cancellation of that financial instruments transaction contract beyond the amount specified by Cabinet Office Order as the amount of fees, remuneration, or other consideration payable by the customer with regard to that financial instruments transaction contract (referred to as a "consideration" in the following paragraph) for the period until the cancellation of that financial instruments transaction contract" is deemed to be replaced with "request the customer to pay damages or other money for such payment"; in paragraph (4) of that Article, the phrase "under paragraph (1)" is deemed to be replaced with "upon the request of a customer" and the term "the customer" is deemed to be replaced with "that customer"; in Article 39, paragraph (1), item (i) of that Act, the phrase "a purchase and sale or other transaction of securities (excluding a purchase and sale with a repurchase requirement and a predetermined repurchase price, and other transactions specified by Cabinet Order) or a derivatives transaction (hereinafter referred to as a "purchase and sale or other transaction of securities, etc." in this Article)" is deemed to be replaced with "the conclusion of a contract for specified deposit, etc.," the phrase "securities or derivatives transaction (hereinafter referred to as "securities, etc." in this Article)" is deemed to be replaced with "contract for specified deposit, etc.," the phrase "customer (if a trust company, etc. (meaning a trust company or a financial institution that has obtained the authorization referred to in Article 1, paragraph (1) of the Act on Engagement in Trust Business by a Financial Institution; the same applies hereinafter) conducts the purchase and sale of securities or a derivatives transaction on the account of a person that establishes a trust based a trust contract, this includes the person that establishes the trust; hereinafter the same applies in this Article)" is deemed to be replaced with "customer," and the phrase "supplement its profits" is deemed to be replaced with "supplement its profits, without concluding the contract for specified deposit, etc."; in item (ii) of that paragraph, the term "a purchase and sale or other transaction of securities, etc." is deemed to be replaced with "the conclusion of a contract for specified deposit, etc.", the term "securities, etc." is deemed to be replaced with "contract for specified deposit, etc." and the phrase "in order to add to the profit..." is deemed to be replaced with "in order to add to the profit..., without concluding the specified deposit, etc. contract"; in item (iii) of that paragraph, the term "purchase and sale or other transactions of securities, etc." is deemed to be replaced with "the conclusion of a contract for specified deposit, etc.", the term "securities, etc." is deemed to be replaced with "contract for specified deposit, etc." and the phrase "in order to add to the profit..." is deemed to be replaced with "in order to add

to the profit..., without concluding the specified deposit, etc. contract"; the term "a purchase and sale or other transaction of securities, etc." in paragraph (2) of that Article is deemed to be replaced with "the conclusion of a contract for specified deposit, etc."; the phrase "which is specified by Cabinet Office Order as a potential cause of" in paragraph (3) of that Article is deemed to be replaced with "which is a potential cause of"; the phrase "an act that constitutes a financial instruments transaction" in Article 40, item (i) of that Act is deemed to be replaced with "the conclusion of a contract for specified deposit, etc."; and in Article 45, item (ii) of that Act, the phrase "Articles 37-2 to 37-6; Article 40-2, paragraph (4); and Article 43-4" is deemed to be replaced with "Article 37-3 (limited to the part related to delivery of a document set forth in paragraph (1) and excluding item (vi) of that paragraph and paragraph (3)); Article 37-4; and Article 37-6, paragraph (3) and paragraph (4) (excluding the proviso)" and the phrase "which a financial instruments business operator, etc. has concluded" is deemed to be replaced with "for which a financial instruments business operator, etc. has provided intermediary services for concluding"; and any other necessary technical replacement of terms is specified by Cabinet Order.

### **Section 3 Supervision**

(Books and Documents Concerning Electronic Payment Handling Services)

Article 52-60-18 An electronic payment handling service provider must prepare and preserve books and documents concerning electronic payment handling services, pursuant to the provisions of Cabinet Office Order.

(Written Reports on Electronic Payment Handling Services)

Article 52-60-19 (1) Each business year, an electronic payment handling service provider must prepare a written report on their electronic payment handling services and submit it to the Prime Minister, pursuant to the provisions of Cabinet Office Order.

(2) The written report referred to in the preceding paragraph must be attached with the documents concerning finance, an audit report prepared by a certified public accountant (including a foreign certified public accountant prescribed in Article 16-2, paragraph (5) (Special Provisions for Those Qualified in Foreign Jurisdictions) of the Certified Public Accountants Act (Act No. 103 of 1948)) or audit corporation regarding those documents, and other documents specified by Cabinet Office Order.

(Making Reports or Submitting Materials)

Article 52-60-20 (1) If the Prime Minister finds it to be necessary for ensuring

the sound and appropriate management of electronic payment handling services by an electronic payment handling service provider, the Prime Minister may ask the electronic payment handling service provider to make a report or submit materials on the status of their business or property.

- (2) If the Prime Minister finds it to be particularly necessary for ensuring the sound and appropriate management of electronic payment handling services by an electronic payment handling service provider, the Prime Minister may, to the extent necessary, request a person that conducts transactions with the electronic payment handling service provider related to electronic payment handling services or a person that the electronic payment handling service provider has entrusted with its electronic payment handling services (including a person further entrusted by that entrusted person (including entrustment at two or more degrees of separation from the original entrustment); the same applies in the following paragraph and paragraphs (2) and (5) of the following Article) to make a report or submit materials on the status of business or property of the electronic payment handling service provider.
- (3) A person conducting transactions with an electronic payment handling service provider related to electronic payment handling services or a person that an electronic payment handling service provider has entrusted with its electronic payment handling services may refuse to make a report or submit materials pursuant to the provisions of the preceding paragraph if the person has legitimate grounds for doing so.

(On-Site Inspections)

- Article 52-60-21 (1) If the Prime Minister finds it to be necessary for ensuring the sound and appropriate management of electronic payment handling services by an electronic payment handling service provider, the Prime Minister may have relevant officials enter the business office or any other facilities of the electronic payment handling service provider, have those officials ask questions about the status of their business or property, and have them inspect their books, documents and any other articles.
- (2) If an entry into facilities is to be made, and questioning or inspection is to be conducted, pursuant to the provisions of the preceding paragraph, and the Prime Minister finds it to be particularly necessary, the Prime Minister may, to the extent necessary, have relevant officials enter the facilities of a person conducting transactions with the electronic payment handling service provider that are related to electronic payment handling services or of a person that the electronic payment handling service provider has entrusted with its electronic payment handling services, have those officials ask that person questions about any particulars that are required to be asked in relation to the questioning or inspection of the electronic payment handling service provider,

- or have them inspect that person's books, documents and any other articles.
- (3) In the cases referred to in the preceding two paragraphs, the relevant official must carry an identification card, and must present it if a person concerned requests them to do so.
- (4) The authority under the provisions of paragraphs (1) and (2) must not be construed as being granted for criminal investigation purposes.
- (5) The provisions of paragraph (3) of the preceding Article apply mutatis mutandis to the questioning and inspection of the person conducting transactions with an electronic payment handling service provider that are connected with electronic payment handling services or of the person that the electronic payment handling service provider has entrusted with its electronic payment handling services, pursuant to the provisions of paragraph (2).

(Business Improvement Orders)

Article 52-60-22 If the Prime Minister finds it to be necessary for ensuring the sound and appropriate management of electronic payment handling services by an electronic payment handling service provider, the Prime Minister may order the electronic payment handling service provider to change its business content and business methods and order other measures that are necessary for supervision, to the extent necessary.

(Revocation of Registration)

Article 52-60-23 (1) If an electronic payment handling service provider falls under any of the following items, the Prime Minister may revoke the registration referred to in Article 52-60-3, or order the suspension of all or a part of the electronic payment handling services during a designated period of no longer than six months:

- (i) when the electronic payment handling service provider comes to fall under any of the items of Article 52-60-6, paragraph (1);
  - (ii) when the electronic payment handling service provider has obtained the registration referred to in Article 52-60-3 by wrongful means; or
  - (iii) when the electronic payment handling service provider violates this Act or a disposition based on this Act by the Prime Minister, or is found to have conducted an extremely inappropriate action in relation to electronic payment handling services.
- (2) If an electronic payment handling service provider that provides electronic payment handling services pursuant to the provisions of Article 52-60-8, paragraph (1) violates the provisions of this Act which apply pursuant to the provisions of paragraph (2) of that Article or a disposition based on these provisions by the Prime Minister or is found to have committed an extremely inappropriate action in relation to electronic payment handling services, the

Prime Minister may order the electronic payment handling service provider to discontinue the electronic payment handling services.

- (3) If the Prime Minister is unable to ascertain the location of the business offices of an electronic payment handling service provider or is unable to ascertain the whereabouts of the officer representing an electronic payment handling service provider, the Prime Minister may issue public notice of that fact and revoke the electronic payment handling service provider's registration under the provisions of Article 52-60-3 if no application is made by the electronic payment handling service provider after 30 days have passed since the day of the public notice, pursuant to the provisions of Cabinet Office Order.
- (4) The provisions of Chapter III (Adverse Dispositions) of the Administrative Procedure Act do not apply to a disposition pursuant to the provisions of the preceding paragraph.

(Cancellation of Registration)

Article 52-60-24 In the following cases, the Prime Minister must cancel the registration of an electronic payment handling service provider:

- (i) when the Prime Minister has revoked the registration referred to in Article 52-60-3 pursuant to the provisions of paragraph (1) or (3) of the preceding Article; or
- (ii) when the registration referred to in Article 52-60-3 ceases to be effective pursuant to the provisions of Article 52-60-36, paragraph (2).

#### **Section 4 Certified Association of Electronic Payment Handling Service Providers**

(Certification of Certified Association of Electronic Payment Handling Service Providers)

Article 52-60-25 The Prime Minister may certify a general incorporated association that has been incorporated by electronic payment handling service providers and that satisfies the following requirements, as a person that conducts services prescribed in the following Article (hereinafter referred to as "certified services" in this Section), upon application by the general incorporated association, pursuant to the provisions of Cabinet Order:

- (i) the purpose of the general incorporated association is to ensure the appropriate operation of electronic payment handling services, and contribute to the sound development of electronic payment handling services and the protection of the interests of customers;
- (ii) the general incorporated association's articles of incorporation provides that electronic payment handling service providers are included as its members (hereinafter referred to as "association members" in this Section

- and Article 63-3, item (v));
- (iii) the general incorporated association has established the methods of business implementation necessary for performing certified services properly and reliably; and
  - (iv) the general incorporated association has sufficient knowledge, ability, and financial basis for performing certified services properly and reliably.

(Services of Certified Association of Electronic Payment Handling Service Providers)

Article 52-60-26 A certified association of electronic payment handling service providers is to perform the following services:

- (i) services of providing guidance and recommendations to association members and other services in order to have them comply with the provisions of this Act, other laws and regulations, and the rules referred to in item (iii) in conducting electronic payment handling services;
- (ii) the necessary guidance and recommendations, and other services to ensure the propriety of contracts and to protect the interests of customers of the electronic payment handling services which association members conduct;
- (iii) establishing necessary rules for the optimization of the electronic payment handling services which association members conduct and for the proper handling and safe control of the information that they handle;
- (iv) investigating the status of the association members' compliance with this Act, orders that are based on this Act, dispositions that are based on this Act or the orders, or the rules referred to in the preceding item;
- (v) collecting, organizing, and providing information necessary for protecting the interests of customers of electronic payment handling services;
- (vi) processing complaints filed by customers concerning the electronic payment handling services in which association members engage;
- (vii) public relation activities for customers of electronic payment handling services; and
- (viii) beyond what is set forth in the preceding items, services that contribute to the sound development of electronic payment handling services and to the protection of customers of electronic payment handling services.

(Public Inspection of Membership List)

- Article 52-60-27 (1) A certified association of electronic payment handling service providers must make its membership list available for public inspection.
- (2) A person that is not a certified association of electronic payment handling service providers (excluding a person certified under the provisions of Article 85-3-4 (Certification of Certified Association of Electronic Payment Handling Service Providers for Shinkin Banks) of the Shinkin Bank Act and any other

person specified by Cabinet Order as being similar to them) must not use a word in their name which is likely to be mistaken for a certified association of electronic payment handling service providers.

- (3) A person that is not the association member of a certified association of electronic payment handling service providers (excluding a person that is a member of a certified association of electronic payment handling service providers for Shinkin banks prescribed in Article 85-3-5 (Services of Certified Association of Electronic Payment Handling Service Providers for Shinkin Banks) of the Shinkin Bank Act and any other person specified by Cabinet Order as being similar to them) must not use a word in their name which is likely to be mistaken for an association member of the certified association of electronic payment handling service providers.

(Provision of Information that Contributes to Customer Protection)

Article 52-60-28 A certified association of electronic payment handling service providers must be able to provide customers of electronic payment handling services with the information with which it has been provided by the Prime Minister pursuant to the provisions of Article 52-60-35 which contributes to protecting customers of electronic payment handling services.

(Handling Complaints from Customers)

- Article 52-60-29 (1) If a customer of electronic payment handling services files an application with a certified association of electronic payment handling service providers to resolve a complaint related to the electronic payment handling services which an association member conducts, the certified association of electronic payment handling service providers must provide consultation and necessary advice to the customer who filed the application and investigate the circumstances concerning the complaint, as well as notify the association member of the content of the complaint and ask the member to promptly process the complaint.
- (2) If a certified association of electronic payment handling service providers finds that it is necessary for resolving a complaint in relation to the application filed under the preceding paragraph, it may request the association member to provide a written or oral explanation or to submit materials.
- (3) If a request referred to in the preceding paragraph is made by a certified association of electronic payment handling service providers, an association member must not refuse the request without legitimate grounds.
- (4) A certified association of electronic payment handling service providers must fully inform its association members of an application referred to in paragraph (1), the circumstances concerning the complaint, and the outcome of its resolution.

(Making Report to Certified Association of Electronic Payment Handling Service Providers)

Article 52-60-30 (1) Having obtained information on actions performed by an electronic payment handling service provider that result in insufficient customer protection or any other information specified by Cabinet Office Order as necessary to protect the interests of customers of electronic payment handling services, an association member must report that information to the certified association of electronic payment handling service providers.

(2) If a certified association of electronic payment handling service providers receives a request from an association member to provide an information prescribed in the preceding paragraph that it holds, it must provide the association member with that information unless it has legitimate grounds not to do so.

(Duty of Confidentiality)

Article 52-60-31 (1) It is prohibited for an officer or employee of a certified association of electronic payment handling service providers, or a person that has held one of those positions (referred to as a "former or current officer or employee" in the following paragraph), to divulge or misappropriate any confidential information learned in the course of duty.

(2) A former or current officer or employee of a certified association of electronic payment handling service providers must not use any information learned in the course of duty other than for the purpose of providing the information for use in certified services (if the certified association of electronic payment handling service providers is a general incorporated association that obtained the certification referred to in Article 85-3-4 (Certification of Certified Association of Electronic Payment Handling Service Providers for Shinkin Banks) of the Shinkin Bank Act and the former or current officer or employee is a former or current officer or employee engaged in the services prescribed in Article 85-3-5 (Services of Certified Association of Electronic Payment Handling Service Providers for Shinkin Banks) of that Act that are conducted by the general incorporated association, including the provision of information for use in those services or in other services specified by Cabinet Order as being similar to those services).

(Particulars Required to be Stated in Articles of Incorporation)

Article 52-60-32 In addition to the particulars set forth in the items of Article 11, paragraph (1) (Contents or Recorded Particulars in the Articles of Incorporation) of the Act on General Incorporated Associations and General Incorporated Foundations (Act No. 48 of 2006) and the provisions of the

articles of incorporation prescribed in Article 52-60-25, item (ii), a certified association of electronic payment handling service providers must provide in its articles of incorporation that if an association member violates this Act, an order that is based on this Act, a disposition that is based on this Act or the order, or the rules referred to in Article 52-60-26, item (iii), the certified association of electronic payment handling service providers will order the suspension or restriction of the association member's rights provided for in the articles of incorporation, or expel the association member from the certified association of electronic payment handling service providers.

(On-Site Inspections)

- Article 52-60-33 (1) The Prime Minister may, to the extent necessary for the enforcement of this Act, order a certified association of electronic payment handling service providers to make a report or submit materials that is to serve as a reference on the status of their business or property, or have relevant officials enter the office of the certified association of electronic payment handling service providers, have those officials ask questions about the status of their business or property, or have them inspect their books, documents, and any other articles.
- (2) In the case referred to in the preceding paragraph, the relevant official must carry an identification card, and must present it if a person concerned requests them to do so.
- (3) The authority under the provisions of paragraph (1) must not be construed as being granted for criminal investigation purposes.

(Supervision Order against Certified Association of Electronic Payment Handling Service Providers)

- Article 52-60-34 (1) Upon finding that the operation of certified services needs to be improved, the Prime Minister may order a certified association of electronic payment handling service providers to take necessary measures to improve the operation, to the extent necessary for the enforcement of this Act.
- (2) When business operations of a certified association of electronic payment handling service providers have violated this Act, an order that is based on this Act, or a disposition that is based on this Act or the order, the Prime Minister may revoke its certification or order the suspension of all or part of its services during a designated period of no longer than six months.

(Provision of Information to Certified Association of Electronic Payment Handling Service Providers)

- Article 52-60-35 In response to a request by a certified association of electronic payment handling service providers, the Prime Minister may provide a

certified association of electronic payment handling service providers with the information on the service providers that is specified by Cabinet Office Order as contributing to certified services, to the extent necessary to ensure that the certified association of electronic payment handling service providers properly performs certified services.

## **Section 5 Miscellaneous Provisions**

(Notification of Discontinuation)

Article 52-60-36 (1) If an electronic payment handling service provider falls under any of the following items, the service provider must file a notification to that effect with the Prime Minister without delay:

(i) when the electronic payment handling service provider discontinues all or part of the electronic payment handling services; or

(ii) when a petition for the commencement of bankruptcy proceedings, etc. (meaning a petition for the commencement of bankruptcy proceedings, petition for the commencement of rehabilitation proceedings, petition for the commencement of reorganization proceedings, petition for the commencement of special liquidation, or petition for the recognition of foreign insolvency proceedings (including filing of a petition equivalent to them under foreign laws and regulations)) is filed against the electronic payment handling service provider.

(2) If an electronic payment handling service provider discontinues all of the electronic payment handling services, the registration of the electronic payment handling service provider referred to in Article 52-60-3 ceases to be effective. In such a case, a person who has been the electronic payment handling service provider is deemed to be an electronic payment handling service provider for the purpose of completing the performance of obligations to be borne by the service provider in relation to the electronic payment handling services they conduct, and returning the customers' property managed by them in relation to the electronic payment handling services they conduct to customers.

(3) If an electronic payment handling service provider seeks to discontinue all or part of the electronic payment handling services, to transfer all or part of the electronic payment handling services, to implement a merger (limited to a merger in which the electronic payment handling service provider disappears as a result of the merger), to dissolve for reasons other than a merger or an order commencing bankruptcy proceedings, or to have another service provider succeed to all or part of the electronic payment handling services due to a company split, the service provider must give public notice to that effect at least thirty days before the relevant date and post a notice to that effect in a

place easily seen by the public at all of its business offices, pursuant to the provisions of Cabinet Office Order.

- (4) Having given public notice pursuant to the provisions of the preceding paragraph, an electronic payment handling service provider must immediately notify the Prime Minister to that effect.
- (5) Having given public notice pursuant to the provisions of paragraph (3) (excluding cases in which an electronic payment handling service provider has given public notice on the succession of the relevant business through transfer of business, merger or company split, or for other reasons), the electronic payment handling service provider must promptly complete the performance of obligations to be borne by them in relation to the electronic payment handling services that they seek to discontinue, and promptly return the customers' property they manage in relation to the electronic payment handling services they conduct to customers.
- (6) The provisions of Article 940, paragraph (1) (limited to the part related to item (i)) and paragraph (3) (Public Notice Period of Electronic Public Notice) of the Companies Act apply mutatis mutandis to the cases in which an electronic payment handling service provider (excluding a foreign electronic payment handling service provider) gives public notice under the provisions of paragraph (3) by electronic public notice. In such a case, any necessary technical replacement of terms is specified by Cabinet Order.
- (7) The provisions of Article 940, paragraph (1) (limited to the part related to item (i)) and paragraph (3) (Public Notice Period of Electronic Public Notice), Article 941 (Electronic Public Notice Investigation), Article 946 (Obligation of Investigation), Article 947 (Cases Where an Electronic Public Notice Investigation Is Unable to Be Carried Out), Article 951, paragraph (2) (Keeping and Inspection of Financial Statements), Article 953 (Order for Improvement), and Article 955 (Statements in an Investigation Record Book) of the Companies Act apply mutatis mutandis to the cases in which an electronic payment handling service provider that is a foreign electronic payment handling service provider gives public notice under the provisions of paragraph (3) by electronic public notice. In such a case, any necessary technical replacement of terms is specified by Cabinet Order.

(Completion of Performance of Obligations Due to Revocation of Registration)  
Article 52-60-37 When the registration referred to in Article 52-60-3 for an electronic payment handling service provider has been revoked pursuant to provisions of Article 52-60-23, paragraph (1) or (3) (excluding the cases specified by Cabinet Office Order as being less likely to result in insufficient protection of customers of electronic payment handling services or to impair the sound and appropriate performance of electronic payment handling

services), the person who has been the electronic payment handling service provider must promptly complete the performance of obligations to be borne by them in relation to the electronic payment handling services they conduct, and promptly return the customers' property they manage in relation to the electronic payment handling services to customers. In such a case, the person who has been the electronic payment handling service provider is deemed to be an electronic payment handling service provider for the purpose of completing the performance of those obligations and returning the property to customers.

(Prohibition on Solicitation by Foreign Electronic Payment Handling Service Providers)

Article 52-60-38 A foreign electronic payment handling service provider that has not obtained the registration referred to in Article 52-60-3 must not solicit a person in Japan for the actions set forth in the items of Article 2, paragraph (17) or actions equivalent to those actions.

(Technical Replacement of Terms in Applying the Provisions of This Act to Foreign Corporations)

Article 52-61 Cabinet Order prescribes technical replacements of terms for applying this Act to an electronic payment handling service provider that is a foreign corporation, and other necessary particulars for applying the provisions of this Act to the foreign corporation.

## **Chapter VII-6 Electronic Payment Services**

### **Section 1 General Rules**

(Registration)

Article 52-61-2 A person may not engage in electronic payment services unless they are registered by the Prime Minister.

(Application for Registration)

Article 52-61-3 (1) A person seeking to obtain the registration referred to in the preceding Article (referred to as a "applicant for registration" in paragraph (2) of the following Article and Article 52-61-5) must submit a written application for registration stating the following particulars to the Prime Minister:

- (i) the trade name or name of the applicant for registration;
- (ii) if the applicant for registration is a corporation, the names of its officers (if the registration applicant is a foreign corporation, including a person that is treated in the same manner under foreign laws and regulations and its representative in Japan; hereinafter the same applies in this Chapter);
- (iii) the name and location of the business offices and other offices where the

- applicant for registration conducts electronic payment services; and
- (iv) other particulars specified by Cabinet Office Order.
- (2) The following documents must be attached to the written application for registration referred to in the preceding paragraph:
- (i) a document in which the applicant for registration pledges that they do not fall under any of the items of Article 52-61-5, paragraph (1) (excluding item (i), sub-item (b));
- (ii) if the applicant for registration is a corporation, the articles of incorporation and certificate of registered information (or documents equivalent to them);
- (iii) documents stating the things specified by Cabinet Office Order as the business content and business methods of electronic payment services; and
- (iv) other documents specified by Cabinet Office Order.

(Implementing Registration)

- Article 52-61-4 (1) If an application is filed for a registration referred to in Article 52-61-2, the Prime Minister must register the following particulars in the electronic payment service providers register, except when the Prime Minister refuses the registration pursuant to the provisions of paragraph (1) of the following Article:
- (i) the particulars set forth in the items of paragraph (1) of the preceding Article; and
- (ii) the date of registration and the registration number.
- (2) When the Prime Minister registers the particulars pursuant to the provisions of the preceding paragraph, the Prime Minister must notify the applicant for registration to that effect without delay.
- (3) The Prime Minister must make the electronic payment service providers register available for public inspection.

(Refusal of Registration)

- Article 52-61-5 (1) The Prime Minister must refuse the registration if the applicant for registration falls under any of the following items, or if a written application for registration referred to in Article 52-61-3, paragraph (1) or its attached document contains a false statement on material particulars or lacks a statement of material facts:
- (i) a person falling under any of the following sub-items:
- (a) a person that does not have a financial basis that satisfies the criteria specified by Cabinet Office Order as those found to be necessary for performing electronic payment service in a proper and reliable manner;
- (b) a person that has not developed a system for performing electronic payment services in a proper and reliable manner;

- (c) a person who has received any of the following dispositions, and for whom five years have not passed since the date of the disposition:
1. a revocation of the registration referred to in Article 52-61-2, under the provisions of Article 52-61-17, paragraph (1) or (2);
  2. a revocation of the registration referred to in Article 92-5-2, paragraph (1) of the Agricultural Cooperatives Act, which is made pursuant to the provisions of Article 52-61-17, paragraph (1) or (2) as applied mutatis mutandis pursuant to Article 92-5-9, paragraph (1) of that Act;
  3. a revocation of the registration referred to in Article 110, paragraph (1) (Registration) of the Fisheries Cooperative Act, which is made pursuant to the provisions of Article 52-61-17, paragraph (1) or (2) as applied mutatis mutandis pursuant to Article 117, paragraph (1) (Application, Mutatis Mutandis of the Banking Act to Specified Electronic Payment Services for Credit Business) of that Act;
  4. a revocation of the registration referred to in Article 6-5-2, paragraph (1) (Registration of Electronic Payment Services for Credit Cooperatives) of the Act on Financial Businesses by Cooperative, which is made pursuant to the provisions of Article 52-61-17, paragraph (1) or (2) as applied mutatis mutandis pursuant to Article 6-5-10, paragraph (1) (Application, Mutatis Mutandis of the Banking Act to Electronic Payment Services for Credit Cooperatives) of that Act;
  5. a revocation of the registration referred to in Article 85-4, paragraph (1) (Registration) of the Shinkin Bank Act, which is made pursuant to the provisions of Article 52-61-17, paragraph (1) or (2) as applied mutatis mutandis pursuant to Article 89, paragraph (9) (Application, Mutatis Mutandis of the Banking Act) of that Act;
  6. a revocation of the registration referred to in Article 89-5, paragraph (1) (Registration) of the Labor Bank Act, which is made pursuant to the provisions of Article 52-61-17, paragraph (1) or (2) as applied mutatis mutandis pursuant to Article 94, paragraph (5) (Application, Mutatis Mutandis of the Banking Act) of that Act;
  7. a revocation of the registration referred to in Article 95-5-2, paragraph (1) (Registration) of the Norinchukin Bank Act, which is made pursuant to the provisions of Article 52-61-17, paragraph (1) or (2) as applied mutatis mutandis pursuant to Article 95-5-10, paragraph (1) (Application, Mutatis Mutandis of the Banking Act to Electronic Payment Service for Norinchukin Bank) of that Act;
  8. a revocation of the registration referred to in Article 60-3 (Registration) of the Shoko Chukin Bank Limited Act (Act No. 74 of 2007), which is made pursuant to the provisions of Article 60-19, paragraph (1) or (2) (Revocation of Registration) of that Act; or

9. a revocation of the same kind of registration as the registrations referred to in clauses 1. through 8., which the applicant for registration has obtained in a foreign country pursuant to the provisions of foreign laws and regulations that are equivalent to this Act, the Agricultural Cooperatives Act, Fisheries Cooperative Act, Act on Financial Businesses by Cooperative, Shinkin Bank Act, Labor Bank Act, Norinchukin Bank Act, or Shoko Chukin Bank Limited Act (including other administrative dispositions similar to the registration);
- (d) a person that has been issued one of the following orders, and for whom five years have not passed since the date of the order:
1. an order to discontinue electronic payment services, which is issued pursuant to the provisions of Article 52-60-23, paragraph (2);
  2. an order to discontinue electronic payment services, which is issued pursuant to the provisions of Article 38, paragraph (2) (Supervisory Dispositions) of the Act on the Provision of Financial Services;
  3. an order to discontinue specified electronic payment services for credit business as prescribed in Article 92-5-2, paragraph (2) of the Agricultural Cooperatives Act, which is issued pursuant to the provisions of Article 92-5-8, paragraph (4) of that Act;
  4. an order to discontinue specified electronic payment services for credit business prescribed in Article 110, paragraph (2) of the Fisheries Cooperative Act, which is issued pursuant to the provisions of Article 116, paragraph (4) (Specified Electronic Payment Services for Credit Business by Electronic Payment Service Providers) of that Act;
  5. an order to discontinue electronic payment services for credit cooperatives prescribed in Article 6-5-2, paragraph (2) of the Act on Financial Businesses by Cooperative, which is issued pursuant to the provisions of Article 6-5-9, paragraph (4) (Electronic Payment Services for Credit Cooperatives by Electronic Payment Service Providers) of that Act;
  6. an order to discontinue electronic payment services for credit cooperatives prescribed in Article 85-4, paragraph (2) of the Shinkin Bank Act, which is issued pursuant to the provisions of Article 85-11, paragraph (4) (Electronic Payment Services for Shinkin Banks by Electronic Payment Service Providers) of that Act;
  7. an order to discontinue electronic payment services for labor banks prescribed in Article 89-5, paragraph (2) of the Labor Bank Act, which is issued pursuant to the provisions of Article 89-12, paragraph (4) (Electronic Payment Services for Labor Banks by Electronic Payment Service Providers) of that Act;

8. an order to discontinue electronic payment services for The Norinchukin Bank prescribed in Article 95-5-2, paragraph (2) of the Norinchukin Bank Act, which is issued pursuant to the provisions of Article 95-5-9, paragraph (4) (Electronic Payment Services for The Norinchukin Bank by Electronic Payment Service Providers) of that Act;
  9. an order to discontinue electronic payment services for the Shoko Chukin bank prescribed in Article 60-2, paragraph (1) (Definitions) of the Shoko Chukin Bank Limited Act, which is issued pursuant to the provisions of Article 60-32, paragraph (4) (Electronic Payment Services for the Shoko Chukin Bank by Electronic Payment Service Providers) of that Act; or
  10. an order to discontinue the same kind of services as the services referred to in 1. through 9. under foreign laws and regulations that are equivalent to this Act, the Agricultural Cooperatives Act, Fisheries Cooperative Act, Act on Financial Businesses by Cooperative, Shinkin Bank Act, Labor Bank Act, Act on the Provision of Financial Services, Norinchukin Bank Act, or Shoko Chukin Bank Limited Act;
- (e) a person that has been sentenced to a fine (including an equivalent sentence under foreign laws and regulations) for violating the provisions of this Act, the Agricultural Cooperatives Act, Fisheries Cooperative Act, Act on Financial Businesses by Cooperative, Shinkin Bank Act, Labor Bank Act, Act on the Provision of Financial Services, Norinchukin Bank Act, Shoko Chukin Bank Limited Act, or any other laws specified by Cabinet Order, or for violating the provisions of foreign laws and regulations that are equivalent to those laws, and for whom five years have not passed since the day on which the person finished serving the sentence or ceased to be subject to the sentence;
- (ii) a person falling under any of the following cases, if the applicant for registration is a corporation:
- (a) a foreign corporation that has not designated its representative in Japan; or
  - (b) a corporation whose officers include a person falling under any of the following persons:
    1. a person specified by Cabinet Office Order as being unable to properly perform duties related to electronic payment services due to mental or physical disorder; or
    2. a person subject to an order commencing bankruptcy proceedings and has not been released from bankruptcy restrictions, or a person equivalent to them under foreign laws and regulations;
    3. a person that has been sentenced to imprisonment or a heavier punishment (including an equivalent sentence under foreign laws and

regulations), and for whom five years have not passed since the day on which the person finished serving the sentence, or ceased to be subject to the sentence;

4. if a corporation has been rendered a disposition set forth in any of sub-item (c), 1. through 9. of the preceding item, a person who was an officer of the corporation within 30 days before the date of the disposition, and for whom five years have not passed since the date of the disposition;
  5. if a corporation has been issued an order set force in any of sub-item (d), 1. through 10. of the preceding item, a person who was an officer of the corporation within 30 days before the date of the order, and for whom five years have not passed since the date of the order; or
  6. a person that falls under any of sub-items (c) through (e) of the preceding item; or
- (iii) a person that falls under one of the following persons, if the applicant for registration is an individual:
- (a) an individual that has an address in a foreign country who has not designated their agent in Japan; or
  - (b) a person specified by Cabinet Office Order as being unable to properly perform electronic payment services due to mental or physical disorder; or
  - (c) an individual that falls under any of clauses 2. through 5. of the preceding item (b).
- (2) If the Prime Minister refuses the registration pursuant to the provisions of the preceding paragraph, the Prime Minister must notify the applicant for registration to that effect by indicating the reason for the refusal, without delay.

(Notification of Changes)

- Article 52-61-6 (1) Except in the case specified by Cabinet Office Order, if a particular set forth in any of the items of Article 52-61-3, paragraph (1) changes, an electronic payment service provider must file a notification to that effect with the Prime Minister pursuant to the provisions of Cabinet Office Order, within 30 days from the day on which the change occurred.
- (2) Upon accepting a notification under the provisions of the preceding paragraph, the Prime Minister must register the particular that has been notified in the electronic payment service providers register.
- (3) If the business content or business methods that an electronic payment service provider has stated in the documents set forth in Article 52-61-3, paragraph (2), item (iii) change, the electronic payment service provider must notify the Prime Minister of this change without delay, pursuant to the provisions of Cabinet Office Order.

(Notification of Business Discontinuation)

Article 52-61-7 (1) If an electronic payment service provider comes to fall under any of the cases referred to in the following items, the person specified in that item must file a notification to that effect with the Prime Minister, within 30 days from the day on which this occurred:

- (i) an electronic payment service provider discontinues electronic payment services, has all of its electronic payment services succeeded to in a company split, or transfers all of the electronic payment services: the individual or corporation that discontinues the electronic payment services, has them succeeded to, or transfers them;
  - (ii) an individual that is an electronic payment service provider dies: the heir;
  - (iii) a corporation that is an electronic payment service provider ceases to exist due to a merger: the person that was the officer representing that corporation;
  - (iv) a corporation that is an electronic payment service provider is dissolved due to an order commencing bankruptcy proceedings: the bankruptcy trustee; or
  - (v) a corporation that is an electronic payment service provider is dissolved for reasons other than a merger or an order commencing bankruptcy proceedings: the liquidator.
- (2) If an electronic payment service provider comes to fall under any of the items of the preceding paragraph, the registration of the electronic payment service provider ceases to be effective.

## **Section 2 Services**

(Explanation to Users)

Article 52-61-8 (1) When performing an action set forth in any of the items of Article 2, paragraph (21) (excluding the actions specified by Cabinet Office Order that are prescribed in that paragraph), an electronic payment service provider must explain the following particulars to users in advance, pursuant to the provisions of Cabinet Office Order, except in cases specified by Cabinet Office Order:

- (i) the trade name or name and address of the electronic payment service provider;
- (ii) particulars concerning the authority of the electronic payment service provider;
- (iii) particulars concerning compensation for damage by the electronic payment service provider;
- (iv) the contact information of the business office or office that handles

complaints on electronic payment services from users or provides consultation concerning electronic payment services to users; and  
(v) other particulars specified by Cabinet Office Order.

(2) Pursuant to the provisions of Cabinet Office Order, an electronic payment service provider must take the measures of providing users with information to prevent them from mistaking electronic payment services for the services conducted by banks, for ensuring the proper handling and safe control of the information on users that the electronic payment service provider has acquired in connection with the electronic payment services, for ensuring the precise execution of electronic payment services when the electronic payment service provider entrusts the services to a third party, and other measures for ensuring the sound and appropriate management of electronic payment services.

(Duty of Good Faith of Electronic Payment Service Providers)

Article 52-61-9 An electronic payment service provider must perform its services for its users in good faith.

(Obligation to Conclude Contracts with a Bank)

Article 52-61-10 (1) Before performing an action set forth in any of the items of Article 2, paragraph (21) (excluding the actions specified by Cabinet Office Order that are prescribed in that Article), an electronic payment service provider must conclude a contract for electronic payment services with the bank referred to in each of those items, and conduct electronic payment services related to that bank in accordance with the contract.

(2) The following particulars must be provided for in the contract referred to in the preceding paragraph:

(i) particulars concerning the sharing of the liability to compensate users for any damage incurred by them in connection with electronic payment services (limited to the services related to the bank; the same applies in the following item) between the bank and the electronic payment service provider;

(ii) particulars concerning the measures to be taken by the electronic payment service provider to ensure the proper handling and safe control of the information on users that the electronic payment service provider has acquired through electronic payment services, and the measures that may be taken by the bank if the electronic payment service provider does not take those measures; and

(iii) other particulars specified by Cabinet Office Order as those necessary for ensuring appropriate operation of electronic payment services.

(3) When a bank and an electronic payment service provider conclude a contract referred to in paragraph (1), they must publicize the particulars set forth in

the items of the preceding paragraph in the content of the contract using the internet or by any other means without delay, pursuant to the provisions of Cabinet Office Order.

(Establishment of Standards by Banks)

Article 52-61-11 (1) A bank must establish standards for particulars required of an electronic payment service provider in concluding a contract referred to in paragraph (1) of the preceding Article, and must publicize the standards using the internet or by any other means, pursuant to the provisions of Cabinet Office Order.

(2) The particulars required of an electronic payment service provider that are referred to in the preceding paragraph are to include the measures that should be taken by the electronic payment service provider that is the counterparty to the contract referred to in paragraph (1) of the preceding Article for ensuring the proper handling and safe control of the information on users that the electronic payment service provider acquires in relation to electronic payment services, and other particulars specified by Cabinet Office Order.

(3) When concluding a contract referred to in paragraph (1) of the preceding Article, a bank must not treat an electronic payment service provider that meets the standards referred to in paragraph (1) in an unreasonably discriminatory manner.

### **Section 3 Supervision**

(Books and Documents Concerning Electronic Payment Services)

Article 52-61-12 An electronic payment service provider must prepare and preserve books and documents concerning electronic payment services, pursuant to the provisions of Cabinet Office Order.

(Written Reports on Electronic Payment Services)

Article 52-61-13 Each business year, an electronic payment service provider must prepare a written report on its electronic payment services and submit it to the Prime Minister, pursuant to the provisions of Cabinet Office Order.

(Making Reports or Submitting Materials)

Article 52-61-14 (1) If the Prime Minister finds it to be necessary for ensuring the sound and appropriate management of electronic payment services by an electronic payment service provider, the Prime Minister may ask the electronic payment service provider to make a report or submit materials on the status of their business or property.

(2) If the Prime Minister finds it to be particularly necessary for ensuring the

sound and appropriate management of electronic payment services by an electronic payment service provider, the Prime Minister may, to the extent necessary, request a person that conducts transactions with the electronic payment service provider related to its electronic payment services or a person that the electronic payment service provider has entrusted with its electronic payment services (including a person further entrusted by that entrusted person (including entrustment at two or more degrees of separation from the original entrustment); the same applies in the following paragraph and paragraphs (2) and (5) of the following Article) to make a report or submit materials on the status of business or property of the electronic payment service provider.

- (3) A person conducting transactions with an electronic payment service provider related to its electronic payment services or a person that an electronic payment service provider has entrusted with its electronic payment services may refuse to make a report or submit materials pursuant to the provisions of the preceding paragraph if the person has legitimate grounds for doing so.

(On-Site Inspections)

Article 52-61-15 (1) If the Prime Minister finds it to be necessary for ensuring the sound and appropriate management of electronic payment services by an electronic payment service provider, the Prime Minister may have relevant officials enter the business office, office, or any other facilities of the electronic payment service provider, have those officials ask questions about the status of their business or property, or have them inspect the service provider's books, documents, and any other articles.

- (2) If an entry into facilities is to be made, and questioning or inspection is to be conducted, pursuant to the provisions of the preceding paragraph, when the Prime Minister finds it to be particularly necessary, the Prime Minister may, to the extent necessary, have relevant officials enter the facilities of a person conducting transactions with the electronic payment service provider that are related to electronic payment services or of a person that the electronic payment service provider has entrusted with its electronic payment services, have those officials ask questions about any particulars that are required to be asked in relation to the questioning or inspection of the electronic payment service provider, or have them inspect their books, documents, and any other articles.
- (3) In the cases referred to in the preceding two paragraphs, the relevant official must carry an identification card, and must present it if a person concerned requests them to do so.
- (4) The authority under paragraphs (1) and (2) must not be construed as being granted for criminal investigation purposes.

(5) The provisions of paragraph (3) of the preceding Article apply mutatis mutandis to the questioning and inspection of the person conducting transactions with an electronic payment service provider that are connected with its electronic payment services or of the person that the electronic payment service provider has entrusted with electronic payment services, pursuant to the provisions of paragraph (2).

(Business Improvement Orders)

Article 52-61-16 If the Prime Minister finds it to be necessary for ensuring the sound and appropriate management of electronic payment services by an electronic payment service provider, the Prime Minister may order the electronic payment service provider to change their business content and business methods and order other measures that are necessary for supervision, to the extent necessary.

(Revocation of Registration)

Article 52-61-17 (1) If an electronic payment service provider falls under any of the following items, the Prime Minister may revoke the registration referred to in Article 52-61-2, or order the suspension of all or a part of their services during a designated period of no longer than six months:

- (i) when the electronic payment service provider comes to fall under any of the items of Article 52-61-5, paragraph (1);
- (ii) when the electronic payment service provider has obtained the registration referred to in Article 52-61-2 by wrongful means; or
- (iii) when the electronic payment service provider violates this Act or a disposition based on this Act rendered by the Prime Minister, or is found to have conducted an extremely inappropriate action in relation to electronic payment services.

(2) If the Prime Minister is unable to ascertain the location of the business offices or offices of an electronic payment service provider or is unable to ascertain the whereabouts of an electronic payment service provider (if the electronic payment service provider is a corporation, the whereabouts of the officer representing the corporation), the Prime Minister may, pursuant to the provisions of Cabinet Office Order, issue public notice of that fact and revoke the registration of the electronic payment service provider referred to in Article 52-61-2, if no application is made by the electronic payment service provider after 30 days have passed since the day of the public notice.

(3) The provisions of Chapter III (Adverse Dispositions) of the Administrative Procedure Act do not apply to a disposition under the provisions of the preceding paragraph.

(Cancellation of Registration)

Article 52-61-18 In the following cases, the Prime Minister must cancel the registration of an electronic payment service provider:

- (i) when the Prime Minister has revoked the registration under Article 52-61-2 pursuant to the provisions of paragraph (1) or (2) of the preceding Article; or
- (ii) when the registration under Article 52-61-2 ceases to be effective pursuant to the provisions of Article 52-61-7, paragraph (2).

#### **Section 4 Certified Association of Electronic Payment Service Providers**

(Certification of Certified Association of Electronic Payment Service Providers)

Article 52-61-19 The Prime Minister may certify a general incorporated association that has been incorporated by electronic payment service providers and that satisfies the following requirements, as a person that conducts the services prescribed in the following paragraph (hereinafter referred to as "certified services" in this Section), upon application by the general incorporated association, pursuant to the provisions of Cabinet Order:

- (i) the purpose of the general incorporated association is to ensure the appropriate operation of electronic payment services, and contribute to the sound development of electronic payment services and to the protection of the interests of users;
- (ii) the articles of incorporation of the general incorporated association provides that electronic payment service providers are included as its members (hereinafter referred to as "association members" in this Section and Article 63-3, item (v));
- (iii) the general incorporated association has established the methods of business implementation necessary for performing certified services properly and reliably; and
- (iv) the general incorporated association has sufficient knowledge, ability, and financial basis for performing certified services properly and reliably.

(Services of Certified Association of Electronic Payment Service Providers)

Article 52-61-20 A certified association of electronic payment service providers is to perform the following services:

- (i) services of providing guidance and recommendations to association members and other services in order to have them comply with the provisions of this Act, other laws and regulations, and the rules referred to in item (iii) in conducting electronic payment services;
- (ii) services of giving necessary guidance and recommendations and other services for ensuring the optimization of contracts and protecting the interests of users of the electronic payment services which association

- members conduct;
- (iii) establishing necessary rules for the optimization of the electronic payment services which association members conduct and for the proper handling and safe control of the information that they handle;
  - (iv) investigating the status of the association members' compliance with this Act, orders that are based on this Act, dispositions that are based on this Act or on the orders, or the rules referred to in the preceding item;
  - (v) collecting, organizing, and providing information necessary for protecting the interests of users of electronic payment services;
  - (vi) processing complaints filed by users concerning the electronic payment services which association members conduct;
  - (vii) public relation activities for users of electronic payment services; and
  - (viii) beyond what is set forth in the preceding items, providing services that contribute to the sound development of electronic payment services and to the protection of users of electronic payment services.

(Public Inspection of Membership List)

- Article 52-61-21 (1) A certified association of electronic payment service providers must make its membership list available for public inspection.
- (2) A person that is not a certified association of electronic payment service providers (excluding a person certified under the provisions of Article 85-9 (Certification of Certified Association of Electronic Payment Service Providers for Shinkin Banks) of the Shinkin Bank Act and any other person specified by Cabinet Order as being similar to them) must not use a word in their name which is likely to be mistaken for a certified association of electronic payment service providers.
- (3) A person that is not the association member of a certified association of electronic payment service providers (excluding a person that is a member of a certified association of electronic payment service providers for Shinkin banks prescribed in Article 85-10 (Services of Certified Association of Electronic Payment Service Providers for Shinkin Banks) of the Shinkin Bank Act and any other person specified by Cabinet Order as being similar to them) must not use a word in their name which is likely to be mistaken for an association member of the certified association of electronic payment service providers.

(Provision of Information Contributing to User Protection)

- Article 52-61-22 A certified association of electronic payment service providers must be able to provide users of electronic payment services with the information which has been provided by the Prime Minister pursuant to the provisions of Article 52-61-29 that contributes to protecting users of electronic payment services.

(Handling Complaints from Users)

- Article 52-61-23 (1) If a user of electronic payment services files an application with a certified association of electronic payment service providers to resolve a complaint related to the electronic payment services which an association member conducts, the certified association of electronic payment service providers must provide consultation and necessary advice to the user who filed the application, and investigate the circumstances concerning the complaint, as well as notify the association member of the content of the complaint and ask the relevant association member to promptly process the complaint.
- (2) If a certified association of electronic payment service providers finds that it is necessary for resolving a complaint in relation to the application filed under the preceding paragraph, it may request the relevant association member to provide a written or oral explanation or submit materials.
- (3) If a request referred to in the preceding paragraph is made by a certified association of electronic payment service providers, an association member must not refuse the request without legitimate grounds.
- (4) A certified association of electronic payment service providers must fully inform its association members of any application filed that is referred to in paragraph (1), the circumstances concerning the complaint, and the outcome of its resolution.

(Report to Certified Association of Electronic Payment Service Providers)

- Article 52-61-24 (1) Having obtained information on acts that an electronic payment service provider has performed which result in insufficient user protection or any other information specified by Cabinet Office Order as information necessary in order to protect the interests of users of electronic payment services, an association member must report that fact to the certified association of electronic payment service providers.
- (2) If a certified association of electronic payment service providers is requested by an association member to provide information prescribed in the preceding paragraph that the certified association holds, it must provide the association member with that information unless it has legitimate grounds not to do so.

(Duty of Confidentiality)

- Article 52-61-25 (1) It is prohibited for an officer or employee of a certified association of electronic payment service providers, or a person that has held one of those positions (referred to as a "former or current officer or employee" in the following paragraph), to divulge or misappropriate any confidential information learned in the course of duty.
- (2) A former or current officer or employee of a certified association of electronic

payment service providers must not use any information learned in the course of duty other than for the purpose of providing the information for use in certified services (if the certified association of electronic payment service providers is a general incorporated association that has obtained the certification referred to in Article 85-9 (Certification of Certified Association of Electronic Payment Service Providers for Shinkin Banks) of the Shinkin Bank Act and the former or current officer or employee is a former or current officer or employee engaged in the services prescribed in Article 85-10 (Services of Certified Association of Electronic Payment Service Providers for Shinkin Banks) of that Act that are conducted by the general incorporated association, including those services or other services specified by Cabinet Order as being similar to them).

(Particulars Required to be Stated in the Articles of Incorporation)

Article 52-61-26 In addition to the particulars set forth in the items of Article 11, paragraph (1) (Contents or Recorded Particulars in the Articles of Incorporation) of the Act on General Incorporated Associations and General Incorporated Foundations and the provisions of the articles of incorporation prescribed in Article 52-61-19, item (ii), a certified association of electronic payment service providers must provide in its articles of incorporation that if an association member violates this Act, an order that is based on this Act, a disposition that is based on this Act or on the order, or the rules referred to in Article 52-61-20, item (iii), the certified association of electronic payment service providers will order the suspension or restriction of the association member's rights provided for in the articles of incorporation, or expel the association member from the certified association of electronic payment service providers.

(On-Site Inspections)

Article 52-61-27 (1) The Prime Minister may, to the extent necessary for the enforcement of this Act, order a certified association of electronic payment service providers to make a report or submit materials that are to serve as a reference on the status of their business or property, or have relevant officials enter the office of the certified association of electronic payment service providers, have those officials ask questions about the status of their business or property, or have them inspect its books, documents, and any other articles.

(2) In the case referred to in the preceding paragraph, the relevant official must carry an identification card, and must present it if a person concerned requests them to do so.

(3) The authority under paragraph (1) must not be construed as being granted for criminal investigation purposes.

(Supervision Order against Certified Association of Electronic Payment Service Providers)

Article 52-61-28 (1) Upon finding that the operation of certified services needs to be improved, the Prime Minister may order a certified association of electronic payment service providers to take necessary measures to improve the operation, to the extent necessary for the enforcement of this Act.

(2) When the operations of a certified association of electronic payment service providers have violated this Act, an order that is based on this Act, or a disposition that is based on this Act or the order, the Prime Minister may revoke its certification or order the suspension of all or part of its services during a designated period of no longer than six months.

(Provision of Information to Certified Association of Electronic Payment Service Providers)

Article 52-61-29 In response to a request by a certified association of electronic payment service providers, the Prime Minister may provide a certified association of electronic payment service providers with the information on the service providers that is specified by Cabinet Office Order as information that contributes to certified services, to the extent necessary to ensure that the certified association of electronic payment service providers properly performs certified services.

## **Section 5 Miscellaneous Provisions**

Article 52-61-30 Cabinet Order prescribes technical replacements of terms for applying this Act to an electronic payment service provider that is a foreign corporation or an individual that has an address in a foreign country, and other necessary particulars for the application of the provisions of this Act to the foreign corporation or individual.

## **Chapter VII-7 Designated Dispute Resolution Organizations**

### **Section 1 General Rules**

(Designation of Persons that Conduct Dispute Resolution Services)

Article 52-62 (1) Upon application from a person satisfying the following requirements, the Prime Minister may designate the person as a person that conducts dispute resolution services:

(i) it is a corporation (including an association or foundation without legal personality whose representative or administrator has been designated, and excluding a corporation or other foreign organizations incorporated under

- foreign laws and regulations; the same applies in item (iv), sub-item (d));
- (ii) the person is not a person that has had the designation under the provisions of this paragraph revoked pursuant to Article 52-84, paragraph (1) and for whom five years have not passed since the date of the revocation, or a person that has had the designation under the provisions of other laws which is specified by Cabinet Order as being related to operations equivalent to dispute resolution services revoked and for whom five years have not passed since the date of the revocation;
  - (iii) the person is not a person that has been sentenced to a fine (including an equivalent sentence under foreign laws and regulations) for violating the provisions of this Act or the Attorneys Act (Act No. 205 of 1949), or for violating the provisions of foreign laws and regulations that are equivalent to those Acts, and for whom five years have not passed since the day on which the person finished serving the sentence or ceased to be subject to the sentence;
  - (iv) the person has no officer that falls under any of the following persons:
    - (a) a person specified by Cabinet Office Order as being unable to properly perform duties related to dispute resolution services due to mental or physical disorder; or
    - (b) a person subject to an order commencing bankruptcy proceedings and has not been released from bankruptcy restrictions, or a person that is treated in the same manner under foreign laws and regulations;
    - (c) a person that has been sentenced to imprisonment or a heavier punishment (including an equivalent sentence under foreign laws and regulations), and for whom five years have not passed since the day on which the person finished serving the sentence or ceased to be subject to the sentence;
    - (d) a person that, within one month prior to the date of revocation, was the officer (including a person treated in the same manner under foreign laws and regulations; the same applies in sub-item (d)) of a corporation for which a designation under this paragraph has been revoked pursuant to the provisions of Article 52-84, paragraph (1) or an administrative disposition that is similar to the designation that has been obtained in a foreign country pursuant to the provisions of foreign laws and regulations that are equivalent to this Act has been revoked, and for whom five years have not passed since the date of revocation; or a person that, within one month prior to the date of revocation, was the officer of a corporation for which a designation under the provisions of other laws that are specified by Cabinet Order as being equivalent to dispute resolution services has been revoked, or an administrative disposition that is similar to the designation that a corporation has obtained in a foreign country pursuant

- to the provisions of foreign laws and regulations that are equivalent to those other laws has been revoked, and for whom five years have not passed since the date of the revocation; or
- (e) a person that has been sentenced to a fine (including an equivalent sentence under foreign laws and regulations) for violating the provisions of this Act or the Attorneys Act, or for violating the provisions of foreign laws and regulations that are equivalent to those Acts, and for whom five years have not passed since the day on which the person finished serving the sentence or ceased to be subject to the sentence;
  - (v) a person that has sufficient financial and technical basis to appropriately implement dispute resolution services;
  - (vi) the composition of their officers or employees is unlikely to interfere with the fair implementation of dispute resolution services;
  - (vii) the rules for implementing dispute resolution services (hereinafter referred to as the "operational rules") conform to laws and regulations, and are found to be sufficient for implementing dispute resolution services in a fair and appropriate manner pursuant to the provisions of this Act; and
  - (viii) as a result of hearing opinions pursuant to the provisions of the following paragraph, the percentage of the number of banking service providers that have stated an objection (limited to objections for which there are reasonable grounds) to the content of the basic contract for the implementation of dispute resolution procedures (excluding the particulars set forth in the items of Article 52-67, paragraph (2)) or to any other content of the operational rules (excluding the particulars that the operational rules are required to have as their content pursuant to the provisions of paragraph (3) of that Article and the particulars that are necessary for the content to conform to the criteria set forth in the items of paragraph (4) and paragraph (5), item (i) of that Article) to the total number of banking service providers is less than the percentage specified by Cabinet Order.
- (2) A person seeking to file an application referred to in the preceding paragraph must explain the content of the operational rules to the banking service providers, hear opinions as to whether there are any objections to the content (if there are objections, including the grounds for them), and prepare a document stating the results, in advance and pursuant to the provisions of Cabinet Office Order.
- (3) When seeking to make a designation under the provisions of paragraph (1), the Prime Minister must consult with the Minister of Justice in advance whether the relevant person satisfies the requirements set forth in items (v) through (vii) of that paragraph (limited to the part related to the operation of dispute resolution procedures; limited to that related to the criteria set forth in the items of Article 52-67, paragraph (4) and the items of paragraph (5) of that

Article for the requirement set forth in item (vii)).

- (4) the designation under the provisions of paragraph (1) is to be made for each type of dispute resolution services, and the percentage referred to in item (viii) of that paragraph is to be calculated for each type of dispute resolution services.
- (5) Upon making the designation under the provisions of paragraph (1), the Prime Minister must issue public notice in the Official Gazette of the trade name or name of the designated dispute resolution organization and the location of its main business office or office, the type of dispute resolution services related to the designation, and the day on which the Prime Minister made the designation.

(Application for Designation)

Article 52-63 (1) A person seeking to obtain the designation under the provisions of paragraph (1) of the preceding Article must submit a written application for designation stating the following particulars to the Prime Minister:

- (i) the type of dispute resolution services for which the person seeks to obtain designation;
  - (ii) their trade name or name;
  - (iii) the name and location of the main business office or office, or any other business office or office where they conduct dispute resolution services; and
  - (iv) the names and trade names of the officers.
- (2) The following documents must be attached to the written application for designation referred to in the preceding paragraph:
- (i) a document pledging that the person satisfies the requirements set forth in paragraph (1), items (iii) and (iv) of the preceding Article;
  - (ii) the articles of incorporation and the corporation's certificate of registered information (including documents equivalent to them);
  - (iii) the operational rules;
  - (iv) documents stating the particulars regarding its organization;
  - (v) an inventory of assets, balance sheet, or other documents which clarifies that the person has the necessary financial basis for conducting dispute resolution services, which are specified by Cabinet Office Order;
  - (vi) documents provided for in paragraph (2) of the preceding Article, and other documents specified by Cabinet Office Order as those certifying that the person satisfies the requirements set forth in paragraph (1), item (viii) of that Article; and
  - (vii) other documents specified by Cabinet Office Order.
- (3) In the case referred to in the preceding paragraph, if the articles of incorporation, inventory of assets, or balance sheet has been prepared as an electronic or magnetic record, the electronic or magnetic record may be attached to the written application in lieu of documents.

(Duty of Confidentiality)

Article 52-64 (1) It is prohibited for a dispute resolution mediator (meaning a dispute resolution mediator appointed pursuant to the provisions of Article 52-73, paragraph (2); the same applies in the following paragraph, paragraph (2) of the following Article, and Article 52-67, paragraphs (2) and (4)), the officer or employee of a designated dispute resolution organization, or a person that has held one of those positions, to divulge or use for personal benefit any confidential information learned concerning dispute resolution services.

(2) In applying the Penal Code (Act No. 45 of 1907) and other penal provisions, a dispute resolution mediator, officer, or employee of a designated dispute resolution organization who is engaged in dispute resolution services is deemed to be an official engaged in public services pursuant to laws and regulations.

## **Section 2 Services**

(Services of Designated Dispute Resolution Organizations)

Article 52-65 (1) A designated dispute resolution organization is to perform dispute resolution services pursuant to the provisions of this Act and the operational rules.

(2) A designated dispute resolution organization (including dispute resolution mediators) may receive burden charges, fees, or any other remuneration for conducting dispute resolution services as provided for by the basic contract for the implementation of dispute resolution procedures or any other contract concluded with a member banking service provider (meaning a banking service provider that is the counterparty to the basic contract for the implementation of dispute resolution procedures concluded by the organization; hereinafter the same applies in this Chapter) that is a party to a dispute, or a customer of the member banking service provider that is a party to a dispute (hereinafter simply referred to as a "party" in this Chapter), or a person other than the party.

(Entrustment of Services for Complaint Processing Procedures or Dispute Resolution Procedures)

Article 52-66 A designated dispute resolution organization must not entrust a person other than another designated dispute resolution organization or a person that has obtained the designation under the provisions of other laws which is specified by Cabinet Order as being the designation for services that are equivalent to dispute resolution services (referred to as the "entrusted dispute resolution organization" in Article 52-73, paragraphs (4) and (5)) with the services for complaint processing procedures or dispute resolution

procedures.

(Operational Rules)

Article 52-67 (1) A designated dispute resolution organization must establish operational rules on the following particulars:

- (i) particulars concerning the content of the basic contract for the implementation of dispute resolution procedures;
- (ii) particulars concerning conclusion of the basic contract for the implementation of dispute resolution procedures;
- (iii) particulars concerning the implementation of dispute resolution services;
- (iv) particulars concerning the burden charges that a member banking service provider bears for the cost required for dispute resolution services;
- (v) if it collects fees from the parties for implementing dispute resolution services, the particulars concerning those fees;
- (vi) particulars concerning the coordination with other designated dispute resolution organizations, and national agencies, local governments, private business operators, or any other persons that conduct consultations, process complaints or resolve disputes;
- (vii) particulars concerning the processing of complaints about dispute resolution services; and
- (viii) beyond what is set forth in the preceding items, particulars specified by Cabinet Office Order as those necessary for implementing dispute resolution services.

(2) The basic contract for the implementation of dispute resolution procedures referred to in item (i) of the preceding paragraph must have the following particulars as its content:

- (i) the fact that the designated dispute resolution organization is to commence complaint processing procedures or dispute resolution procedures based on a request for the resolution of a complaint related to banking services, etc. by the customer of a member banking service provider, or a request for dispute resolution procedures by the party;
- (ii) the fact that when the designated dispute resolution organization or dispute resolution mediator commences complaint processing procedures or commences dispute resolution procedures based on a request by the customer of a member banking service provider, the designated dispute resolution organization or dispute resolution mediator may request the member banking service provider to comply with those procedures, and that the member banking service provider must not refuse the request without legitimate grounds;
- (iii) the fact that the designated dispute resolution organization or dispute resolution mediator may request a member banking service provider to make

- a report or submit books, documents, or any other articles in the course of complaint processing procedures or dispute resolution procedures, and that the member banking service provider must not refuse the request without legitimate grounds;
- (iv) the fact that the dispute resolution mediator may prepare a settlement proposal necessary for resolving a dispute related to banking services, etc. in dispute resolution procedures, and recommend that the parties accept the settlement proposal;
  - (v) when there is no prospect of reaching a settlement between the parties by the recommendation to accept the settlement proposal referred to in the preceding item, and the dispute resolution mediator finds it to be reasonable in light of the nature of the case, the intentions of the parties, the status of implementation of procedures by the parties, or any other circumstances, the fact that the mediator may prepare a special conciliation proposal necessary for resolving a dispute related to banking services, etc. and present it to the parties by giving the reason;
  - (vi) when dispute resolution procedures are commenced for a claim in pending litigation, the fact that the member banking service provider must report that the litigation is pending, the grounds for the claim under litigation, and the progress of the litigation to the designated dispute resolution organization;
  - (vii) when litigation is filed for a claim that is subject to dispute resolution procedures, the fact the member banking service provider must report that the litigation has been filed and the grounds for the claim under litigation to the designated dispute resolution organization;
  - (viii) beyond what is set forth in the preceding two items, when a member banking service provider is requested to report the progress of litigation involving a claim or any other particulars that is subject to dispute resolution procedures, the fact that the member banking service provider must report the particulars to the designated dispute resolution organization;
  - (ix) when the litigation referred to in item (vi) or (vii) are no longer pending before the court, or when the judicial decision on the litigation has become final and binding, the fact that the member banking service provider must report that fact and the content of the judicial decision to the designated dispute resolution organization;
  - (x) the fact that a member banking service provider must provide necessary information or take other measures necessary for informing its customers of the implementation of dispute resolution services by the designated dispute resolution organization; and
  - (xi) beyond what is set forth in the preceding items, particulars that are

specified by Cabinet Office Order as being necessary for accelerating the processing of complaints related to banking services, etc. or the resolution of the dispute related to banking services, etc.

- (3) When a designated dispute resolution organization receives an offer to conclude a basic contract for the implementation of dispute resolution procedures from a banking service provider, unless the banking service provider's performance of the obligations involved in the basic contract for the implementation of dispute resolution procedures or any other obligations involved in the implementation of dispute resolution services is expected to be unreliable, the operational rules on the particulars involved in concluding a basic contract for the implementation of dispute resolution procedures referred to in paragraph (1), item (ii) must provide that the designated dispute resolution organization must not refuse the offer.
- (4) The operational rules on the particulars set forth in paragraph (1), item (iii) must conform to the following criteria:
- (i) measures have been taken to ensure coordination between complaint processing procedures and dispute resolution procedures;
  - (ii) a method for appointing a dispute resolution mediator and for eliminating a dispute resolution mediator have been established when that mediator has an interest in the party to a dispute related to banking services, etc. or when there are other grounds that are likely to interfere with the fair implementation of dispute resolution procedures;
  - (iii) for a designated dispute resolution organization established to conduct operations for dispute resolution procedures in disputes related to banking services, etc. to which its substantial controller, etc. (meaning a person specified by Cabinet Office Order as one that substantially controls the business of the designated dispute resolution organization due to their holding shares in the designated dispute resolution organization, their financing of the designated dispute resolution organization, or any other cause, or that has a significant influence on its business) or their subsidiary company, etc. (meaning a person specified by Cabinet Office Order as one which the designated dispute resolution organization substantially controls the business due to the designated dispute resolution organization holding shares or any other cause) is a party, the fact that measures have been taken to prevent the substantial controller, etc., the subsidiary company, etc., or designated dispute resolution organization from exercising undue influence on the dispute resolution mediator;
  - (iv) measures for receiving advice from an attorney-at-law when the dispute resolution mediator is not an attorney-at-law (excluding the case in which the dispute resolution mediator is a judicial scrivener prescribed in Article 3, paragraph (2) of the Judicial Scriveners Act (Act No. 197 of 1950), when the

- dispute resolution procedures are conducted for a dispute prescribed in paragraph (1), item (vii) of that Article) and the implementation of dispute resolution procedures require expert knowledge for the interpretation and application of laws and regulations are established;
- (v) an appropriate means of giving notice upon implementing dispute resolution procedures is established;
  - (vi) a standard operation process from the commencement to the termination of dispute resolution procedures is established;
  - (vii) the requirements and formalities for the customer of a member banking service provider to file a request for the resolution of a complaint related to banking services, etc. with the designated dispute resolution organization, or for the party to a dispute related to banking services, etc. to file a request for dispute resolution procedures with the designated dispute resolution organization have been established;
  - (viii) the procedures for the designated dispute resolution organization to promptly notify the customer of a member banking service provider which is to be the other party to a dispute related to banking services, etc. when the organization receives a request for dispute resolution procedures from a member banking service provider, as well as for confirming whether the customer will request dispute resolution procedures to be implemented in response to the notice with the customer have been established;
  - (ix) the procedures for the designated dispute resolution organization to promptly notify the member banking service provider which is to be the other party to a dispute related to banking services, etc. when the organization receives a request for dispute resolution procedures referred to in item (vii) from the customer of the member banking service provider have been established;
  - (x) the method of retaining or returning books, documents, and any other articles submitted in the course of dispute resolution procedures, and other methods of handling them have been established;
  - (xi) the method of handling confidential information of the parties to a dispute related to banking services, etc. and of any third party, which is included in an opinion stated or in books, documents, or any other articles submitted or presented in the course of dispute resolution procedures, in order to properly retain the confidential information in accordance with its nature has been established. The same applies to any confidential information stated in the dispute resolution procedure record prescribed in Article 52-73, paragraph (9);
  - (xii) the requirements and formalities for the parties to a dispute related to banking services, etc. to terminate the dispute resolution procedures have been established;

- (xiii) if the dispute resolution mediator finds that there is no prospect of reaching a settlement between the parties to the dispute related to banking services, etc. through dispute resolution procedures, the fact that the mediator will promptly terminate the dispute resolution procedures and notify the parties to the dispute related to banking services, etc. to that effect is established; and
  - (xiv) the measures for the dispute resolution mediator and the officers and employees of the designated dispute resolution organization to reliably retain the confidential information learned concerning dispute resolution services have been established .
- (5) The operational rules on the particulars set forth in paragraph (1), items (iv) and (v) must conform to the following criteria:
- (i) the amount of burden charges provided for in paragraph (1), item (iv), the amount of the fees provided for in item (v) of that paragraph, or the method of their calculation and the method of their payment (referred to as the "amount of burden charges, etc." in the following item) has been established; and
  - (ii) the fact that the amount of burden charges, etc. is not extremely unreasonable.
- (6) The term "special conciliation proposal" as used in paragraph (2), item (v) means a settlement proposal that a member banking service provider must accept except in the following cases:
- (i) the customer of the member banking service provider that is a party (hereinafter simply referred to as the "customer" in this paragraph) does not accept the settlement proposal;
  - (ii) at the time the settlement proposal is presented, litigation has not been filed in connection with a claim subject to the dispute resolution procedures, but by the last day of the one-month period that begins on the day on which the member banking service provider learns that the customer has accepted the settlement proposal, the litigation has been filed in relation to the claim and has not been withdrawn;
  - (iii) at the time the settlement proposal is presented, litigation has been filed in relation to a claim subject to dispute resolution procedures, and by the last day of the one-month period that begins on the day on which the member banking service provider learns that the customer has accepted the settlement proposal, the litigation has not been withdrawn; or
  - (iv) by the last day of the one-month period that begins on the day on which the member banking service provider learns that the customer has accepted the settlement proposal, an arbitration agreement as defined in Article 2, paragraph (1) of the Arbitration Act (Act No. 138 of 2003) is reached, or a settlement or conciliation is reached between the parties in the dispute

related to banking services, etc. for which the dispute resolution procedures were implemented, without recourse to the settlement proposal.

- (7) Changes to the operational rules do not become effective without the authorization by the Prime Minister.
- (8) When seeking to grant the authorization under the provisions of the preceding paragraph, the Prime Minister must consult with the Minister of Justice on whether the operational rules that is related to the authorization conform to the criteria set forth in the items of paragraph (4) and the items of paragraph (5) (limited to the part related to the operation of dispute resolution procedures), in advance.

(Disclosure of the Fact that There was a Breach of Basic Contract for the Implementation of Dispute Resolution Procedures)

Article 52-68 (1) If a non-performance of obligations a member banking service provider bears pursuant to a basic contract for the implementation of dispute resolution procedures occurs, and the designated dispute resolution organization hears the opinion of the member banking service provider and finds that there are no legitimate grounds for the non-performance, the designated dispute resolution organization must publicize the trade name or name of the member banking service provider and the fact of non-performance without delay, as well as make a report to the Prime Minister.

- (2) A designated dispute resolution organization must endeavor to provide information, consultation, and other support to member banking service providers and to other persons, in order to preemptively prevent complaints related to banking services, etc. and disputes related to banking services, etc., and to accelerate the processing of complaints related to banking services, etc. and the resolution of disputes related to banking services, etc.

(Prohibition on Employment of Members of an Organized Crime Group)

Article 52-69 A designated dispute resolution organization must not have a member, etc. of an organized crime group (meaning a member of an organized crime group as defined in Article 2, item (vi) of the Act on Prevention of Unjust Acts by Members of Organized Crime Groups (Act No. 77 of 1991); hereinafter referred to as the "member of an organized crime group" in this Article) or a person for whom five years have not passed since the day on which that person ceased to be a member of an organized crime group) engage in dispute resolution services, or employ the person as an assistant in dispute resolution services.

(Prohibition on Discriminatory Treatment)

Article 52-70 A designated dispute resolution organization must not treat any

particular member banking service provider in an unjust and discriminatory manner.

(Preserving Records)

Article 52-71 A designated dispute resolution organization must prepare and preserve records concerning its dispute resolution services, in addition to those under the provisions of Article 52-73, paragraph (9), pursuant to the provisions of Cabinet Office Order.

(Complaint Processing Procedures by Designated Dispute Resolution Organizations)

Article 52-72 If a customer of a member banking service provider has filed a request to resolve a complaint related to banking services, etc., a designated dispute resolution organization must provide consultation and necessary advice to the customer, and investigate the circumstances concerning the complaint related to banking services, etc., as well as notify the member banking service provider of the content of the complaint on banking services, etc. and request the member banking service provider to promptly process the complaint.

(Dispute Resolution Procedures by Designated Dispute Resolution Organizations)

Article 52-73 (1) The party to a dispute related to banking services, etc. may file a request for dispute resolution procedures with the designated dispute resolution organization with which the member banking service provider has concluded a basic contract for the implementation of dispute resolution procedures, for the purpose of resolving the dispute related to the banking services of the member banking service provider.

(2) When a designated dispute resolution organization receives a request referred to in the preceding paragraph, it is to appoint dispute resolution mediators.

(3) Dispute resolution mediators are to be appointed from among persons of the highest moral character that fall under any of the following items (excluding any person with an interest in a party related to the request referred to in paragraph (1)). In such a case, at least one of the dispute resolution mediators must be a person that falls under item (i) or (iii) (item (i), (iii), or (iv), if the request is related to a dispute prescribed in Article 3, paragraph (1), item (vii) of the Judicial Scrivener Act):

- (i) an attorney-at-law who has been practicing for five years or more in total;
- (ii) a person that has engaged in banking services for ten years or more in total if the type of dispute resolution services is banking services, or a person engaged in electronic payment handling services for ten years or more in total if the type of dispute resolution services is electronic payment handling

- services;
- (iii) a person specified by Cabinet Office Order as having specialized knowledge and experience in consultation on complaints that arise between consumers and business operators concerning consumer affairs or on other particulars concerning consumer affairs;
  - (iv) a judicial scrivener prescribed in Article 3, paragraph (2) of the Judicial Scriveners Act, that has engaged in summary court legal representation services, etc. as defined in that paragraph for five years or more in total, if the request is related to a dispute prescribed in Article 3, paragraph (1), item (vii) of that Act; or
  - (v) a person specified by Cabinet Office Order as being equivalent to a person set forth in one of the preceding items.
- (4) A designated dispute resolution organization is to have the request referred to in paragraph (1) proceed to dispute resolution procedures implemented by dispute resolution mediators appointed pursuant to paragraph (2) (hereinafter simply referred to as the "dispute resolution mediators" in this Article and paragraph (1) of the following Article); provided, however, that if the dispute resolution mediators find that it is not appropriate to implement the dispute resolution procedures due to finding that the customer of the member banking service provider that is a party under that request has sufficient ability to properly resolve the dispute related to banking services, etc. or due to any other grounds, or if the dispute resolution mediators find that a party has filed the request referred to in paragraph (1) for unjust purposes and without due cause, they are not to implement the dispute resolution procedures, and if the dispute resolution mediators find it to be appropriate to have the request proceed to procedures equivalent to dispute resolution procedures at an entrusted dispute resolution organization, the designated dispute resolution organization is to entrust the operation of dispute resolution procedures to an entrusted dispute resolution organization.
- (5) If the dispute resolution mediators decide not to implement dispute resolution procedures pursuant to the proviso to the preceding paragraph, or if they decide to entrust the operation to an entrusted dispute resolution organization pursuant to the proviso to the preceding paragraph, the designated dispute resolution organization is to notify the person that filed the request referred to in paragraph (1) to that effect by giving the reason.
- (6) Dispute resolution mediators may hear the opinions of the parties or the witnesses, request them to submit written reports, or ask the parties to submit books, documents, and any other articles that are to serve as a reference, prepare a settlement proposal and recommend that the parties accept it, or implement a special conciliation (meaning presenting the special conciliation proposal provided for in Article 52-67, paragraph (6)).

- (7) Dispute resolution procedures are not disclosed to the public; provided, however, that the dispute resolution mediators may allow the attendance of a person that is considered to be appropriate, with the consent of the parties.
- (8) Prior to the commencement of dispute resolution procedures and pursuant to the provisions of Cabinet Office Order, a designated dispute resolution organization must deliver a document that states the following particulars or provide an electronic or magnetic record in which these particulars have been recorded to the customer of the member banking service provider that is a party to the dispute, and give an explanation on the particulars:
- (i) the particulars concerning the fees to be paid by the customer;
  - (ii) the standard operation process from the commencement to the termination of dispute resolution procedures, that is prescribed in Article 52-67, paragraph (4), item (vi); and
  - (iii) other particulars specified by Cabinet Office Order.
- (9) A designated dispute resolution organization must prepare a record of dispute resolution procedure that state the following particulars on the dispute resolution procedures it implements and preserve the record, pursuant to the provisions of Cabinet Office Order:
- (i) the date on which the party to the dispute related to banking services, etc. filed the request for dispute resolution procedures;
  - (ii) the names or trade names of the parties to the dispute related to banking services, etc. and their agents;
  - (iii) the names of the dispute resolution mediators;
  - (iv) the details of the implementation of the dispute resolution procedures;
  - (v) the results of the dispute resolution procedures (including the reason for the termination of dispute resolution procedures and the date of termination); and
  - (vi) beyond what are is forth in the preceding items, particulars necessary for clarifying the content of the implemented dispute resolution procedures which are specified by Cabinet Office Order,.

(Postponement of Expiry of the Prescription Period)

Article 52-74 (1) If the dispute resolution mediators terminate dispute resolution procedures due to the reason that there is no prospect of reaching a settlement between the parties to a dispute related to banking services, etc. through dispute resolution procedures, and the party to the dispute related to banking services, etc. which filed the request for dispute resolution procedures files an action on a claim that was subject to the dispute resolution procedures within one month from the day on which the party receives notice of the termination, the action is deemed to have been filed at the time that the claim was filed for dispute resolution procedures, in terms of the postponement of expiry of the

prescription period.

- (2) The provisions of the preceding paragraph also apply if the discontinuation of dispute resolution services by a designated dispute resolution organization is authorized pursuant to the provisions of Article 52-83, paragraph (1), or the designation under the provisions of Article 52-62, paragraph (1) is revoked pursuant to the provisions of Article 52-84, paragraph (1), and there is a dispute related to banking services, etc. for which dispute resolution procedures have been implemented on the day of authorization or revocation, and the party to the dispute related to banking services, etc. which has filed the request for dispute resolution procedures files an action on a claim that was subject to those dispute resolution procedures within one month from the day on which the party receives the notice under Article 52-83, paragraph (3) or Article 52-84, paragraph (3), or within one month from the day on which the party comes to know of the authorization or revocation, whichever comes earlier.

(Suspension of Court Proceedings)

Article 52-75 (1) If litigation is pending for a dispute related to banking services, etc. between the parties to a dispute related to banking services, etc., and if any of the following grounds exist and the parties to the dispute related to banking services, etc. file a joint petition, the court in charge of the case may decide to suspend the court proceedings during a designated period of no longer than four months:

- (i) dispute resolution procedures have been implemented for the dispute related to banking services, etc. between the parties to the dispute related to banking services, etc.; and
  - (ii) in addition to the case referred to in the preceding item, the parties to the dispute related to banking services, etc. has reached an agreement to resolve the dispute related to banking services, etc. through dispute resolution procedures.
- (2) The court in charge of the case may revoke the decision referred to in the preceding paragraph at any time.
- (3) An objection may not be filed against a decision to dismiss the petition referred to in paragraph (1) or a decision to revoke the decision referred to in paragraph (1).

(Public Inspection of Register of Member Banking Service Providers)

Article 52-76 A designated dispute resolution organization must make the register of the member banking service providers available for public inspection.

(Restriction on Use of Names)

Article 52-77 A person that is not a designated dispute resolution organization (excluding a person that has obtained a designation under the provisions of Article 156-39, paragraph (1) of the Financial Instruments and Exchange Act or any other person specified by Cabinet Order as being similar to the person) must not use a word in its name or trade name which is likely to be mistaken for a designated dispute resolution organization.

### **Section 3 Supervision**

(Notification of Changes)

Article 52-78 (1) If there is a change to a particular set forth in of Article 52-63, paragraph (1), items (ii) through (iv), a designated dispute resolution organization must file a notification to that effect with the Prime Minister.

(2) When the Prime Minister receives a notification on a change in the trade name or name of a designated dispute resolution organization or in the location of its principal business office or office, the Prime Minister must issue public notice of that fact in the Official Gazette.

(Notification of Conclusion of Basic Contract for the Implementation of Dispute Resolution Procedures)

Article 52-79 If a designated dispute resolution organization falls under any of the following items, it must file a notification to that effect with the Prime Minister, pursuant to the provisions of Cabinet Office Order:

- (i) it concludes a basic contract for the implementation of dispute resolution procedures with a banking service provider, or terminates the basic contract for the implementation of dispute resolution procedures; or
- (ii) other cases specified by Cabinet Office Order.

(Submission of Business Reports)

Article 52-80 (1) Each business year, a designated dispute resolution organization must prepare a report on dispute resolution services in the relevant business year and submit it to the Prime Minister.

(2) The particulars to be stated in the report referred to the preceding paragraph, the submission date, and other necessary particulars are specified by Cabinet Office Order.

(Collection of Reports and On-Site Inspection)

Article 52-81 (1) If the Prime Minister finds it to be necessary for the fair and appropriate performance of the dispute resolution services, the Prime Minister may order a designated dispute resolution organization to make a report or

submit materials on its services, or may have relevant officials enter the business office, office, or other facilities of the designated dispute resolution organization, have those officials ask questions about the status of business of the designated dispute resolution organization, and have them inspect its books, documents, and any other articles.

- (2) If the Prime Minister finds it to be particularly necessary for the fair and appropriate performance of dispute resolution services, the Prime Minister may, to the extent necessary, order the member banking service provider of a designated dispute resolution organization or a person that the designated dispute resolution organization has entrusted with its operations to make a report or submit materials that are to serve as a reference for the operations of the designated dispute resolution organization, and may have relevant officials enter the business office, office, or other facilities of those persons, have those officials ask questions about the status of business of the designated dispute resolution organization, and have them inspect books, documents, and any other articles of these persons.
- (3) An official that conducts an on-site inspection pursuant to the provisions of the preceding two paragraphs must carry an identification card, and must present it if a person concerned requests them to do so.
- (4) The authority for an on-site inspection under paragraph (1) or (2) must not be construed as being granted for criminal investigation purposes.

(Business Improvement Order)

Article 52-82 (1) If the Prime Minister finds it to be necessary for ensuring fair and appropriate performance of dispute resolution services concerning operation of dispute resolution services by a designated dispute resolution organization, the Prime Minister may, to the extent necessary, order the designated dispute resolution organization to take necessary measures to improve its operations.

- (2) If a designated dispute resolution organization falls under any of the following items, the Prime Minister must consult with the Minister of Justice in advance when seeking to issue an order under the provisions of the preceding paragraph:
  - (i) it no longer satisfies the requirements set forth in Article 52-62, paragraph (1), items (v) through (vii) (limited to the part related to the operation of dispute resolution procedures; for the requirement set forth in item (vii) of that paragraph, limited to the requirement that is related to the criteria set forth in the items of Article 52-67, paragraph (4) and the items of paragraph (5) of that Article; hereinafter the same applies in this item) or it is found likely that the organization will come to no longer satisfy the requirements set forth in Article 52-62, paragraph (1), items (v) through (vii); or

(ii) it violates the provisions of Article 52-65, Article 52-66, Article 52-69, or Article 52-73 (limited to cases in which the act of violation is related to the operation of dispute resolution procedures).

(Suspension or Discontinuation of Dispute Resolution Services)

Article 52-83 (1) A designated dispute resolution organization must obtain the authorization by the Prime Minister when it seeks to suspend (excluding suspension due to the reasons prescribed in the following paragraph) or discontinue all or part of its dispute resolution services.

(2) If a designated dispute resolution organization suspends all or a part of dispute resolution services due to a natural disaster or for any other compelling reasons, it must immediately file a notification to that effect with the Prime Minister by giving the reason. The same applies if the designated dispute resolution organization resumes all or part of the suspended dispute resolution services.

(3) A designated dispute resolution organization that obtained the authorization for suspension or discontinuation under the provisions of paragraph (1) or that has carried out the suspension referred to in the preceding paragraph must notify a party for which complaint processing procedures or dispute resolution procedures have been implemented on the day of the suspension or discontinuation (if the designated dispute resolution organization has been entrusted with operations by another designated dispute resolution organization or a person that has obtained a designation under the provisions of other laws which is specified by Cabinet Order as being related to operations equivalent to dispute resolution services (hereinafter referred to as the "entrusting dispute resolution organization" in this paragraph), including procedures for processing complaints and for resolving disputes for the entrusting dispute resolution organization related to that entrustment; the same applies in paragraph (3) of the following Article), the member banking service providers that are not parties, and other designated dispute resolution organizations, of the suspension or discontinuation, within two weeks after the day of the suspension or discontinuation. The same applies if the designated dispute resolution organization resumes all or a part of the suspended dispute resolution services.

(Revocation of Designation)

Article 52-84 (1) If a designated dispute resolution organization falls under any of the following items, the Prime Minister may revoke the designation under the provisions of Article 52-62, paragraph (1) or order the suspension of all or a part of its services during a designated period of no longer than six months:

(i) it no longer satisfies the requirements set forth in Article 52-62, paragraph

- (1), items (ii) through (vii), or it is discovered that the organization has not fallen under any of the items of that paragraph at the time it obtained the designation;
- (ii) it has obtained the designation under the provisions of Article 52-62, paragraph (1) by wrongful means; or
  - (iii) it violates laws and regulations or a disposition based on laws and regulations.
- (2) If a designated dispute resolution organization falls under any of the following items, the Prime Minister must consult with the Minister of Justice in advance when seeking to make a disposition or issue an order under the provisions of the preceding paragraph:
- (i) it comes to no longer satisfy the requirements set forth in Article 52-62, paragraph (1), items (v) through (vii) (limited to the part related to the operation of dispute resolution procedures; for the requirement set forth in item (vii) of that paragraph, limited to the requirement that involves the criteria set forth in the items of Article 52-67, paragraph (4) and the items of paragraph (5) of that Article; hereinafter the same applies in this item), or it is discovered that the organization has not satisfied the requirements set forth in Article 52-62, paragraph (1), items (v) through (vii) at the time it obtained the designation under the provisions of Article 52-62, paragraph (1); or
  - (ii) it violates the provisions of Article 52-65, Article 52-66, Article 52-69, or Article 52-73 (limited to the case in which the act of violation is related to the operation of dispute resolution procedures).
- (3) A person that has received a disposition revoking the designation under the provisions of Article 52-62, paragraph (1) or has been issued an order for the suspension of all or part of its services pursuant to the provisions of paragraph (1) must notify the parties for which complaint processing procedures or dispute resolution procedures have been implemented on the day of that disposition or order, member banking service providers other than those parties, and other designated dispute resolution organizations, that they have become subject to the disposition or order, within two weeks after the day of the disposition or order.

## **Chapter VIII Miscellaneous Provisions**

(Particulars to be Notified)

Article 53 (1) If a bank falls under any of the following items, it must file a notification to that effect with the Prime Minister, pursuant to the provisions of Cabinet Office Order:

- (i) it commences its operations;

- (ii) it seeks to make a company set forth in Article 16-2, paragraph (1), items (xi) through (xiv) its subsidiary company (excluding a case in which the bank must obtain authorization in order to make the company a subsidiary company pursuant to Article 16-2, paragraph (4)) (excluding a case in which the bank seeks to implement a merger or company split or make a business acquisition, by obtaining the authorization under the provisions of Article 30, paragraphs (1) through (3) of this Act or Article 5, paragraph (1) (Authorization) of the Act on Financial Institutions' Merger and Conversion);
  - (iii) its subsidiary company ceases to be its subsidiary company (excluding cases in which a company split or business transfer has been implemented by obtaining the authorization under the provisions of Article 30, paragraph (2) or (3)), or its subsidiary company that is a bank, etc. eligible to be a subsidiary company ceases to be a bank, etc. eligible to be a subsidiary company (excluding the case referred to in item (v));
  - (iv) it seeks to increase the stated capital;
  - (v) it implements a particular for which it has obtained authorization under the provisions of this Act;
  - (vi) it seeks to establish a representative office in a foreign country;
  - (vii) more than five percent of the total shareholder voting rights in the bank are acquired or come to be held by a single shareholder; or,
  - (viii) it falls under other cases specified by Cabinet Office Order (Cabinet Office Order and Ministry of Finance Order, in a case that concerns the financial failure resolution system and financial risk management).
- (2) If a bank's major shareholder (including a person that was formerly a bank's major shareholder) falls under any of the following items, they must file a notification to that effect with the Prime Minister, pursuant to the provisions of Cabinet Office Order:
- (i) they become a bank's major shareholder related to the authorization referred to in Article 52-9, paragraph (1), or is incorporated as the bank's major shareholder related to that authorization;
  - (ii) they become the holder of more than fifty percent of the voting rights of all shareholders of the bank;
  - (iii) they cease to be the holder of a number of voting rights in the bank which is equal to or greater than the major shareholder threshold (excluding the case referred to in item (v));
  - (iv) they cease to be the holder of more than fifty percent of the voting rights of all shareholders of the bank (excluding the case referred to in the preceding item or the following item);
  - (v) they are dissolved (including cases in which a judicial decision invalidating their incorporation, share transfer, merger (limited to a merger resulting in the incorporation of a company or other corporation that is the holder of a

- number of voting rights in the bank which is equal to or greater than the major shareholder threshold), or incorporation-type company split involving them becomes final and binding);
- (vi) more than fifty percent of the voting rights of all shareholders of the bank are acquired or come to be held by a single shareholder; or;
  - (vii) they fall under other cases specified by Cabinet Office Order.
- (3) If a bank holding company (including a company that was formerly a bank holding company) falls under any of the following items, it must file a notification to that effect with the Prime Minister, pursuant to the provisions of Cabinet Office Order:
- (i) it becomes a bank holding company related to the authorization referred to in Article 52-17, paragraph (1), or it is incorporated as a bank holding company related to that authorization;
  - (ii) it ceases to be a holding company that has a bank as its subsidiary company (excluding the case referred to in item (v));
  - (iii) it seeks to make a company set forth in Article 52-23, paragraph (1), item (x) through (xiii) its subsidiary company (excluding a case in which a bank holding company must obtain authorization in order to make the company a subsidiary company, pursuant to the provisions of Article 52-23, paragraph (3)) (excluding a case in which it seeks to implement a merger or company split, or make a business acquisition, by obtaining the authorization under the provisions of Article 52-35, paragraphs (1) through (3) of this Act);
  - (iv) its subsidiary company ceases to be its subsidiary company (excluding cases in which a company split or business transfer has been implemented by obtaining the authorization under the provisions of Article 52-35, paragraph (2) or (3) and the case referred to in item (ii)), its subsidiary company that is a bank, etc. eligible to be a subsidiary company ceases to be a bank, etc. eligible to be a subsidiary company, or its specified bank holding company subsidiary that falls under a company eligible to be a special subsidiary company ceases to fall under a company eligible to be a special subsidiary company (excluding the case referred to in item (vii) and the case in which it has filed a notification pursuant to the provisions of Article 52-23-2, paragraph (8));
  - (v) it is dissolved (including cases in which a judicial decision invalidating its incorporation, share transfer, merger (limited to a merger resulting in the incorporation of a holding company that has a bank as its subsidiary company), or incorporation-type split involving it becomes final and binding);
  - (vi) it seeks to change the amount of stated capital;
  - (vii) it performs an action for which it has obtained authorization under the provisions of this Act (excluding the authorization referred to in item (i));
  - (viii) more than five percent of the voting rights of all shareholders of the bank

holding company are acquired or come to be held by a single shareholder; or, (ix) it falls under cases specified by Cabinet Office Order.

- (4) If a bank agent commences bank agency services or falls under any other cases specified by Cabinet Office Order, the bank agent must file a notification to that effect with the Prime Minister, pursuant to the provisions of Cabinet Office Order.
- (5) If an electronic payment handling service provider commences electronic payment handling services, concludes a contract referred to in Article 52-60-14 with the entrusting bank, or falls under any other cases specified by Cabinet Office Order, the service provider must file a notification to that effect with the Prime Minister, pursuant to the provisions of Cabinet Office Order.
- (6) If an electronic payment service provider commences electronic payment services, concludes a contract referred to in Article 52-61-10, paragraph (1), or falls under any other cases specified by Cabinet Office Order, the service provider must file a notification to that effect with the Prime Minister, pursuant to the provisions of Cabinet Office Order.
- (7) The provisions of Article 2, paragraph (11) apply mutatis mutandis to voting rights in a bank, a bank's major shareholder, or bank holding company, which are acquired or held by a single shareholder prescribed in paragraph (1), item (vii), paragraph (2), item (vi), or paragraph (3), item (viii).

#### (Conditions for Authorization)

- Article 54 (1) The Prime Minister may attach conditions to an authorization, approval, or certification under the provisions of this Act (referred to as "authorization, etc." in the following paragraph) or change those conditions.
- (2) The conditions referred to in the preceding paragraph must be minimum conditions required, in light of the purpose of the authorization, etc., or for ensuring reliable implementation of the particulars related to the authorization, etc..

#### (Expiration of Authorization)

- Article 55 (1) If a bank, bank's major shareholder (including a person that has obtained the authorization for incorporation referred to in Article 52-9, paragraph (1)), or bank holding company (including a person that has obtained the authorization referred to in Article 52-17, paragraph (1)) does not perform an action for which it has obtained the authorization under the provisions of this Act within six months after the day on which it obtains the authorization, the authorization ceases to be effective; provided, however, that this does not apply when there are compelling reasons and the approval of the Prime Minister has been obtained in advance.
- (2) Beyond what is provided for in the preceding paragraph, the authorization

referred to in Article 52-9, paragraph (1) or the proviso to Article 52-9, paragraph (2) (hereinafter referred to as a "major shareholder's authorization" in this paragraph) ceases to be effective if the bank's major shareholder related to the major shareholder's authorization ceases to be the holder of a number of voting rights in the bank which is equal to or greater than the major shareholder threshold, or if they obtain the authorization referred to in Article 52-17, paragraph (1), the proviso to Article 52-17, paragraph (3), Article 52-23, paragraph (3), or the proviso to Article 52-23, paragraph (4), to make the bank related to the major shareholder's authorization their subsidiary company.

(3) Beyond what is provided for in paragraph (1), the authorization referred to in Article 52-17, paragraph (1) or the proviso to Article 52-17, paragraph (3) ceases to be effective when the bank holding company related to the authorization ceases to be a holding company that has a bank as its subsidiary company.

(Public Notice by the Prime Minister)

Article 56 In the following cases, the Prime Minister is to issue public notice in the Official Gazette indicating that fact:

- (i) the Prime Minister orders the suspension of all or part of a bank's services pursuant to the provisions of Article 26, paragraph (1) or Article 27;
- (ii) the Prime Minister revokes the license referred to in Article 4, paragraph (1), pursuant to the provisions of Article 27 or Article 28;
- (iii) a bank falls under the provisions of Article 41, item (iv) and its license referred to in Article 4, paragraph (1) ceases to be effective;
- (iv) a foreign bank's license referred to in Article 4, paragraph (1) ceases to be effective pursuant to the provisions of Article 50;
- (v) the Prime Minister revokes the authorization referred to in Article 52-9, paragraph (1) or the proviso to Article 52-9, paragraph (2), pursuant to the provisions of Article 52-15, paragraph (1);
- (vi) the Prime Minister revokes the authorization referred to in Article 52-17, paragraph (1) or the proviso to Article 52-17, paragraph (3), pursuant to the provisions of Article 52-34, paragraph (1);
- (vii) the Prime Minister orders the suspension of all or part of the services of a bank that is the subsidiary company of a bank holding company, pursuant to the provisions of Article 52-34, paragraph (1);
- (viii) the Prime Minister orders the suspension of all or part of a bank's services pursuant to the provisions of Article 52-34, paragraph (4);
- (ix) the authorization referred to in Article 52-9, paragraph (1), the proviso to Article 52-9, paragraph (2), Article 52-17, paragraph (1), or the proviso to Article 52-17, paragraph (3) ceases to be effective, pursuant to the provisions of the preceding Article;

- (x) the Prime Minister revokes the license referred to in Article 52-36, paragraph (1), pursuant to the provisions of Article 52-56, paragraph (1);
- (xi) the Prime Minister orders a bank agent to suspend all or part of its bank agency services pursuant to the provisions of Article 52-56, paragraph (1);
- (xii) the license referred to in Article 52-36, paragraph (1) ceases to be effective pursuant to the provisions of Article 52-57;
- (xiii) the Prime Minister orders the suspension of all or part of electronic payment handling services by an electronic payment handling service provider pursuant to the provisions of Article 52-60-23, paragraph (1);
- (xiv) the Prime Minister revokes the registration referred to in Article 52-60-3, pursuant to the provisions of Article 52-60-23, paragraph (1) or (3);
- (xv) the Prime Minister orders the discontinuation of electronic payment services by an electronic payment handling service provider pursuant to the provisions of Article 52-60-23, paragraph (2);
- (xvi) the Prime Minister grants the certification under the provisions of Article 52-60-25;
- (xvii) the Prime Minister revokes the certification referred to in Article 52-60-25, pursuant to the provisions of Article 52-60-34, paragraph (2);
- (xviii) the Prime Minister orders the suspension of all or part of the services of a certified association of electronic payment handling service providers pursuant to the provisions of Article 52-60-34, paragraph (2);
- (xix) the registration referred to in Article 52-63-3 ceases to be effective pursuant to the provisions of Article 52-60-36, paragraph (2);
- (xx) the registration referred to in Article 52-61-2 ceases to be effective pursuant to the provisions of Article 52-61-7, paragraph (2);
- (xxi) the Prime Minister orders an electronic payment service provider to suspend all or part of its electronic payment services pursuant to the provisions of Article 52-61-17, paragraph (1);
- (xxii) the Prime Minister revokes the registration referred to in Article 52-61-2 pursuant to the provisions of Article 52-61-17, paragraph (1) or (2);
- (xxiii) the Prime Minister grants the certification under the provisions of Article 52-61-19;
- (xxiv) the Prime Minister revokes the certification referred to in Article 52-61-19 pursuant to Article 52-61-28, paragraph (2);
- (xxv) the Prime Minister orders a certified association of electronic payment service providers to suspend all or part of its services pursuant to the provisions of Article 52-61-28, paragraph (2); or
- (xxvi) the Prime Minister revokes the designation under the provisions of Article 52-62, paragraph (1) pursuant to the provisions of Article 52-84, paragraph (1).

(Banks' Means of Issuing Public Notice)

Article 57 A bank or bank holding company must establish one of the following means as its means of issuing public notice in its articles of incorporation:

- (i) publication in a daily newspaper that publishes particulars concerning current events; or
- (ii) electronic public notice.

(Period for Issuing Public Notice by Electronic Public Notice)

Article 57-2 (1) If a bank or bank holding company issues public notice by electronic public notice pursuant to the provisions of this Act or any other laws (excluding a public notice under the provisions of the Companies Act), it must continue to issue that public notice by electronic public notice until the day specified in the following items in accordance with the category of public notice prescribed in each of those items:

- (i) public notice to the effect that an objection may be stated within the period specified in the public notice: the last day of that period;
  - (ii) the public notice under the provisions of the first sentence of Article 16, paragraph (1): the day on which the bank resumes all or part of its services at the business office where it has temporarily suspended all or part of its services;
  - (iii) the public notice under the provisions of the second sentence of Article 16, paragraph (1): the last day in the one-month period after the day on which the bank resumed all or part of its services at the business office where it had temporarily suspended all or part of its business;
  - (iv) the public notice under the provisions of Article 20, paragraph (4) or Article 52-28, paragraph (3): the last day in the five-year period after the day it began to issue that public notice by electronic public notice;
  - (v) a public notice other than those set forth in the preceding items: the last day in the one-month period after the day on which it began to issue public notice by electronic public notice.
- (2) The provisions of Article 940, paragraph (3) (Public Notice Period of Electronic Public Notice) of the Companies Act apply mutatis mutandis when a bank or bank holding company issues public notice pursuant to the provisions of this Act or any other laws (excluding a public notice under the provisions of the Companies Act) by electronic public notice. In such a case, the necessary technical replacement of terms is specified by Cabinet Order.

(Application of Provisions on Investigations of Electronic Public Notice)

Article 57-3 In applying the provisions of Article 941 (Electronic Public Notice Investigation) of the Companies Act to a bank or bank holding company, the term "the provisions of Article 440, paragraph (1)" in that Article is deemed to

be replaced with "the provisions of Article 440, paragraph (1) of this Act, as well as the provisions of Article 16, paragraph (1), Article 20, paragraph (4), and Article 52-28, paragraph (3) of the Banking Act".

(Registration)

Article 57-4 A bank or bank holding company must register the following particulars:

- (i) if it decides to take the measure under the provisions of Article 20, paragraph (6), the particulars necessary for the relevant persons to be provided with the information contained in the interim balance sheet, etc., interim consolidated balance sheet, etc., and consolidated balance sheet, etc. provided for in Article 20, paragraph (6) which are specified by Cabinet Office Order; and
- (ii) if it decides to take the measure under the provisions of Article 52-28, paragraph (5), the particulars necessary for many and unspecified persons to be provided with the information contained in the interim consolidated balance sheet, etc. and consolidated balance sheet, etc. which are specified by Cabinet Office Order.

(Consultation with the Minister of Finance)

Article 57-5 If the Prime Minister finds that rendering the following dispositions against a bank is likely to significantly affect the maintenance of an orderly financial system, the Prime Minister must consult with the Minister of Finance about the measures that are necessary for maintaining the orderly financial system, in advance:

- (i) an order to suspend all or part of a bank's services pursuant to the provisions of Article 26, paragraph (1), Article 27, or Article 52-34, paragraph (1) or (4); or
- (ii) the revocation of the license referred to in Article 4, paragraph (1) pursuant to the provisions of Article 27 or Article 28.

(Notice to the Minister of Finance)

Article 57-6 When the Prime Minister renders the following dispositions, the Prime Minister is to promptly notify the Minister of Finance to that effect. The same applies when the Prime Minister receives a notification under the provisions of Article 53, paragraph (1) (limited to the notification under Article 53, paragraph (1), item (viii) that is specified by Cabinet Office Order or Ministry of Finance Order).

- (i) the license referred to in Article 4, paragraph (1);
- (ii) the authorization pursuant to the provisions of Article 16-2, paragraph (4) (limited to the case of making a bank that falls under the category of a failed

financial institution as defined in Article 2, paragraph (4) (Definitions) of the Deposit Insurance Act (Act No. 34 of 1971) a subsidiary company), Article 30, paragraphs (1) through (3), Article 37, paragraph (1), Article 52-9, paragraph (1), the proviso to Article 52-9, paragraph (2), Article 52-17, paragraph (1), the proviso to Article 52-17, paragraph (3), or Article 52-35, paragraph (1) through (3);

- (iii) the order pursuant to the provisions of Article 26, paragraph (1), Article 27, Article 52-5, Article 52-6, Article 52-9, paragraph (4), Article 52-13, Article 52-14, Article 52-15, paragraph (1), Article 52-17, paragraph (5), Article 52-33, paragraph (1) or (3), or Article 52-34, paragraph (1) or (4) (including the order to request submission of an improvement plan);
- (iv) the revocation of a license referred to in Article 4, paragraph (1) pursuant to the provisions of Article 27 or Article 28; or
- (v) the revocation of the authorization referred to in Article 52-9, paragraph (1) or in the proviso to Article 52-9, paragraph (2) pursuant to the provisions of Article 52-15, paragraph (1); or the revocation of the authorization referred to in Article 52-17, paragraph (1) or in the proviso to Article 52-17, paragraph (3) pursuant to the provisions of Article 52-34, paragraph (1).

(Submission of Materials to the Minister of Finance)

Article 57-7 (1) If the Minister of Finance finds it to be necessary in planning or making policies regarding the bank system in relation to the financial failure resolution system and financial risk management under the Minister's jurisdiction, the Minister may request the Prime Minister to provide necessary materials and explanations.

(2) If the Minister of Finance finds it to be particularly necessary in planning or making policies regarding the bank system in relation to the financial failure resolution system and financial risk management under the Minister's jurisdiction, the Minister may, to the extent necessary, request a bank, bank's major shareholder, bank holding company, bank agent, or other relevant persons to provide materials, explanations, or any other cooperation.

(Delegation to Cabinet Office Order)

Article 58 Beyond what is provided for in this Act, the application procedures, the procedures for submitting documents, and other particulars necessary for implementing this Act, concerning the licenses, permissions, authorizations, approvals, registrations, certifications, or designations under the provisions of this Act, are specified by Cabinet Office Order.

(Delegation of Authority)

Article 59 (1) The Prime Minister delegates the authority under this Act

(excluding the authority specified by Cabinet Order) to the Commissioner of the Financial Services Agency.

- (2) The Commissioner of the Financial Services Agency may delegate part of the authority delegated pursuant to the provisions of the preceding paragraph to the Directors-General of Local Finance Bureaus or Local Finance Branch Bureaus, pursuant to the provisions of Cabinet Order.

(Transitional Measures)

Article 60 If an order is enacted, amended, or repealed based on this Act, transitional measures required (including transitional measures for penal provisions) may be provided for by that order, to the extent considered reasonably necessary for its enactment, amendment, or repeal.

### **Chapter IX Penal Provisions**

Article 61 If any of the following items applies, the person who has committed the act of violation is subject to punishment by imprisonment for not more than three years, a fine of not more than three million yen, or both:

- (i) a person engages in banking without being licensed, in violation of the provisions of Article 4, paragraph (1);
- (ii) a person obtains the license referred to in Article 4, paragraph (1) by wrongful means;
- (iii) a person has another person engage in banking in violation of the provisions of Article 9;
- (iv) a person violates the provisions of Article 39, paragraph (1) of the Financial Instruments and Exchange Act as applied mutatis mutandis pursuant to Article 13-4, Article 52-2-5, Article 52-45-2, or Article 52-60-17 (hereinafter referred to as the "Financial Instruments and Exchange Act as Applied Mutatis Mutandis");
- (v) a person violates the provisions of Article 52-36, paragraph (1) in performing bank agency services without obtaining a license;
- (vi) a person obtains the license referred to in Article 52-36, paragraph (1) by wrongful means;
- (vii) a person has another person engage in bank agency services (or having another person engage in foreign bank agency services, if applied mutatis mutandis pursuant to Article 52-2-10) in violation of the provisions of Article 52-41 (including as applied mutatis mutandis pursuant to Article 52-2-10);
- (viii) a person obtains the registration referred to in Article 52-60-3 by wrongful means;
- (ix) a person has another person engage in electronic payment handling services in violation of the provisions of Article 52-60-10;

- (x) a person violates an order to discontinue electronic payment services under the provisions of Article 52-60-23, paragraph (2);
- (xi) a person violates the provisions of Article 52-61-2 in engaging in electronic payment services without obtaining an registration; or
- (xii) a person obtains the registration referred to in Article 52-61-2 by wrongful means.

Article 61-2 If the following violations are committed, the person that has committed the act of violation is subject to punishment by imprisonment for not more than two years, a fine of not more than three million yen, or both:

- (i) a person becomes a holding company that has a bank as its subsidiary company through a transaction or action set forth in one of the items of Article 52-17, paragraph (1) or incorporates a holding company that has a bank as its subsidiary, without obtaining the authorization by the Prime Minister under that paragraph;
- (ii) a person remains to be a holding company that has a bank as its subsidiary company after the last day of the grace period provided for in Article 52-17, paragraph (3) in violation of the provisions of that paragraph; or
- (iii) a person remains to be a holding company that has a bank as its subsidiary company in violation of the order under the provisions of Article 52-17, paragraph (5), or remains to be a holding company that has a bank as its subsidiary company even after the end of the period designated by the Prime Minister that is prescribed in Article 52-34, paragraph (2), in violation of the provisions of that paragraph.

Article 62 When a person falls under any of the cases referred to in the following items, the person that commits the act of violation is subject to punishment by imprisonment for not more than two years or a fine of not more than three million yen:

- (i) a person that violates a condition attached pursuant to the provisions of Article 4, paragraph (4) or Article 52-38, paragraph (2);
- (ii) a person violates an order to suspend all or part of their services pursuant to the provisions of Article 26, paragraph (1), Article 27, Article 52-34, paragraph (1) or (4), Article 52-56, paragraph (1), Article 52-60-23, paragraph (1), or Article 52-61-17, paragraph (1); or
- (iii) a person violates an order to suspend all or part of its services pursuant to the provisions of Article 52-60-34, paragraph (2) or Article 52-61-28, paragraph (2).

Article 62-2 If any of the following items applies, the person who has committed the act of violation is subject to punishment by imprisonment for not more than

one year, a fine of not more than three million yen, or both:

- (i) a person submits a written application for designation under the provisions of Article 52-63, paragraph (1) or a document or electronic or magnetic record that is required to be attached pursuant to paragraph (2) of that Article by making a false statement or record;
- (ii) a person violates the provisions of Article 52-69;
- (iii) a person fails to submit a written report under the provisions of Article 52-80, paragraph (1) or submits a written report under that paragraph by making a false statement;
- (iv) a person fails to report or submit a material pursuant to the provisions of Article 52-81, paragraph (1) or (2), or submits a false report or materials; or fails to answer or falsely answers a question under those provisions made by a relevant official; or refuses, interferes with, or avoids an inspection under those provisions; or
- (v) a person violates an order under the provisions of Article 52-82, paragraph (1).

Article 63 If any of the following items applies, the person who has committed the act of violation is subject to punishment by imprisonment for not more than one year or a fine of not more than three million yen:

- (i) a person fails, in violation of the provisions of Article 19, Article 52-27, Article 52-50, paragraph (1) (including as applied mutatis mutandis pursuant to Article 52-2-10), Article 52-60-19, or Article 52-61-13, to submit a document prescribed in those provisions, or submits the document but fails to state a particular that is required to be stated in the document or includes a false statement in it;
- (i)-2 a person fails, in violation of the provisions of Article 20, paragraph (4), Article 52-28, paragraph (3), or Article 52-60-36, paragraph (3), to issue public notice under those provisions; a person fails, in violation of the provisions of Article 20, paragraph (6) or Article 52-28, paragraph (5), to take a measure that is specified by Cabinet Office Order as a measure that uses electronic or magnetic means to make the information prescribed in those provisions available to many and unspecified persons; a person issues public notice but fails to state a particular that is required to be stated in a document or makes a false statement in that document; or a person takes a measure that uses electronic or magnetic means to make the information recorded in an electronic or magnetic record available to many and unspecified persons but fails to record a particular that is required to be recorded in that electronic or magnetic record or records a false statement in it;
- (i)-3 a person who, in violation of the provisions of Article 21, paragraph (1) or

- (2), Article 52-2-6, paragraph (1), Article 52-29, paragraph (1), or Article 52-51, paragraph (1), fails to make a document prescribed in those provisions available for public inspection; a person who, in violation of the provisions of Article 21, paragraph (4) (including as applied mutatis mutandis pursuant to paragraph (5) of that Article; hereinafter the same applies in this item), Article 52-2-6, paragraph (2), Article 52-29, paragraph (3), or Article 52-51, paragraph (2), fails to take a measure that is specified by Cabinet Office Order as a measure that uses electronic or magnetic means to make the information recorded in the electronic or magnetic record prescribed in Article 21, paragraph (4), Article 52-2-6, paragraph (2), Article 52-29, paragraph (3), or Article 52-51, paragraph (2) available to many and unspecified persons; a person in violation of one of those provisions, makes that document available for public inspection but fails to state a particular that is required to be stated or makes a false statement in that document; or a person who, in violation of one of those provisions, takes a measure that uses electronic or magnetic means to make the information recorded in that electronic or magnetic record available to many and unspecified persons but fails to record a particular that is required to be recorded in that electronic or magnetic record or records a false statement in the record;
- (ii) a person fails to report or submit a material pursuant to the provisions of Article 24, paragraph (1) (including as applied mutatis mutandis pursuant to Article 43, paragraph (3)), Article 24, paragraph (2), Article 52-7, Article 52-11, Article 52-31, paragraph (1) or (2), Article 52-53, Article 52-60-20, paragraph (1) or (2), or Article 52-61-14, paragraph (1) or (2); or submits a false report or materials;
- (iii) a person fails to answer a question from the relevant official pursuant to the provisions of Article 25, paragraph (1) (including as applied mutatis mutandis pursuant to Article 43, paragraph (3)), Article 25, paragraph (2), Article 52-8, paragraph (1), Article 52-12, paragraph (1), Article 52-32, paragraph (1) or (2), Article 52-54, paragraph (1), Article 52-60-21, paragraph (1) or (2), or Article 52-61-15, paragraph (1) or (2), falsely answers such a question, or refuses, interferes with, or avoids an inspection under those provisions;
- (iii)-2 a person violates an order under the provisions of Article 29;
- (iv) a person violates an order under the provisions of Article 43, paragraph (1) (including as applied mutatis mutandis pursuant to paragraph (2) of that Article);
- (v) a person refuses, interferes with, or avoids an inspection under the provisions of Article 45, paragraph (3) or violates an order under the provisions of that paragraph;
- (vi) a person fails to answer a question from the relevant official pursuant to

- the provisions of Article 25, paragraph (1) as applied mutatis mutandis pursuant to Article 46, paragraph (3), falsely answers such a question, or refuses, interferes with, or avoids an inspection under the provisions of that paragraph;
- (vi)-2 a person engages in foreign bank agency services without obtaining the authorization by the Prime Minister under the provisions of Article 52-2, paragraph (1) or (2);
  - (vii) a person violates an order under the provisions of Article 52-34, paragraph (1) (excluding an order to dismiss a director, executive officer, accounting advisor, company auditor, or accounting auditor, or to suspend all or part of the services);
  - (viii) a person submits the written application under the provisions of Article 52-37, paragraph (1) or a document that is required to be attached to it pursuant to the provisions of paragraph (2) of that Article, or the written application for registration under the provisions of Article 52-60-4, paragraph (1) or a document that is required to be attached to it pursuant to the provisions of paragraph (2) of that Article, or the written application for registration under the provisions of Article 52-61-3, paragraph (1) or a document that is required to be attached to it pursuant to the provisions of paragraph (2) of that Article, by making a false statement;
  - (ix) a person engages in services other than bank agency services and services incidental to bank agency services without obtaining the approval under Article 52-42, paragraph (1); or
  - (x) a person violates the conditions (limited to those related to the authorization under the provisions of Article 52-17, paragraph (1) or the proviso to Article 52-17, paragraph (3)) that have been attached pursuant to the provisions of Article 54, paragraph (1).

Article 63-2 If any of the following items applies, the person who has committed the act of violation is subject to punishment by imprisonment for not longer than one year, a fine of not more than one million yen, or both:

- (i) a person violates the provisions of Article 13-3 (limited to the part related to item (i)) or Article 52-45 (limited to the part related to item (i), and including as applied mutatis mutandis pursuant to Article 52-2-10) and has committed the act of violation for the benefit of a person other than a customer (including a bank or a bank agent) or for the purpose of causing damage to a customer;
- (ii) a person violates the provisions of Article 52-60-13;
- (iii) a person violates the provisions of Article 52-60-16 (limited to the part related to item (i)) and has committed the act of violation for the benefit of a person other than a customer (including an entrusting bank or an electronic

payment handling service provider) or for the purpose of causing damage to a customer;

- (iv) a person divulges confidential information learned in the course of duty or uses that information for their own benefit, in violation of the provisions of Article 52-64, paragraph (1).

Article 63-2-2 If a person violates the provisions of Article 39, paragraph (2) of the Financial Instruments and Exchange Act as Applied Mutatis Mutandis, the person who has committed the violation is subject to punishment by imprisonment for not more than one year, a fine of not more than one million yen, or both.

Article 63-2-3 (1) In the case referred to in the preceding Article, the economic benefit received by the offender or a third party with knowledge of the circumstances is confiscated. If it is not possible to confiscate all or part of the benefit, its value is to be confiscated.

(2) The provisions of Article 209-2 (Confiscation of Mixed Property) and Article 209-3, paragraph (2) (Requirements for Confiscation) of the Financial Instruments and Exchange Act apply mutatis mutandis to confiscation under the provisions of the preceding paragraph. In such a case, in Article 209-2, paragraph (1) of that Act, the term "Article 198-2, paragraph (1) or Article 200-2" is deemed to be replaced with "Article 63-2-3, paragraph (1) of the Banking Act", the phrase "this Article, paragraph (1) of the following Article, and Article 209-4, paragraph (1)" is deemed to be replaced with "this paragraph", the phrase "the following paragraph and paragraph (1) of the following Article" is deemed to be replaced with "the following paragraph," the phrase "mixed property (limited to property in which illegal property related to the provisions of Article 200-2 is mixed)" in paragraph (2) of that Article is deemed to be replaced with "mixed property", and the term "Article 198-2, paragraph (1) or Article 200-2" in Article 209-3, paragraph (2) of that Act is deemed to be replaced with "Article 63-2-3, paragraph (1) of the Banking Act".

Article 63-2-4 A person who violates the provisions of Article 52-60-31 or Article 52-61-25 is subject to punishment by imprisonment for not more than one year or a fine of not more than 500,000 yen.

Article 63-2-5 If any of the following items applies, the person who has committed the act of violation is subject to punishment by imprisonment for not more than six months, a fine of not more than 500,000 yen, or both:

- (i) a person fails to indicate a particular prescribed in Article 37, paragraph (1) of the Financial Instruments and Exchange Act as Applied Mutatis Mutandis

- or gives a false indication;
- (ii) a person violates the provisions of Article 37, paragraph (2) of the Financial Instruments and Exchange Act as Applied Mutatis Mutandis;
  - (iii) a person who, in violation of the provisions of Article 37-3, paragraph (1) (excluding item (vi)) of the Financial Instruments and Exchange Act as Applied Mutatis Mutandis, fails to deliver a document or delivers a document that do not state the particulars prescribed in that paragraph or a document that includes a false statement, or a person who provides another person with a document that lacks those particulars using the means prescribed in Article 34-2, paragraph (4) of the Financial Instruments and Exchange Act as applied mutatis mutandis pursuant to Article 37-3, paragraph (2) of the Financial Instruments and Exchange Act, or provides the person with a document that includes a false statement using those means;
  - (iv) a person fails to deliver the document under the provisions of Article 37-4, paragraph (1) of the Financial Instruments and Exchange Act as Applied Mutatis Mutandis or delivers a document that includes a false statement; or a person provides another person with a document that includes a false statement using the means prescribed in Article 34-2, paragraph (4) of the Financial Instruments and Exchange Act as applied mutatis mutandis pursuant to Article 37-4, paragraph (2) of the Financial Instruments and Exchange Act; or
  - (v) a person fails to report or submit a material pursuant to the provisions of Article 52-60-33, paragraph (1) or Article 52-61-27, paragraph (1) or gives a false report or submits a materials, or fails to answer a question from the relevant official pursuant to those provisions, falsely answers such a question, or refuses, interferes with, or avoids an inspection pursuant to those provisions.

Article 63-2-6 If any of the following items applies, the person who has committed the act of violation is subject to punishment by a fine of not more than one million yen.

- (i) a person engages in electronic payment services without filing a notification under the provisions of Article 52-60-8, paragraph (3) or by filing a false notification; or
- (ii) a person fails to prepare or preserve a record under the provisions of Article 52-71 or Article 52-73, paragraph (9) or prepares a false record.

Article 63-2-7 If a person suspends or discontinues all or part of its dispute resolution services without obtaining the authorization referred to in Article 52-83, paragraph (1), the person who has committed the act of violation is subject to punishment by a fine of not more than 500,000 yen.

Article 63-3 If any of the following items applies, the person who has committed the act of violation is subject to punishment by a fine of not more than 300,000 yen:

- (i) a person who, in violation of the provisions of Article 955, paragraph (1) (Statements in an Investigation Record Books) of the Companies Act as applied mutatis mutandis pursuant to Article 49-2, paragraph (2) or Article 52-60-36, paragraph (7), fails to state or record the particulars prescribed by Ministry of Justice Order concerning the investigation of electronic public notice provided for in Article 955, paragraph (1) of that Act, enters or records a false statement in the investigation record book, etc. (meaning the investigation record book, etc. provided for in that paragraph; hereinafter the same applies in this item); or, in violation of the provisions of that paragraph, fails to preserve the investigation record book, etc.;
- (ii) a person fails to file a notification under the provisions of Article 52-39, paragraph (2), Article 52-52, Article 52-61-6, paragraph (3), Article 52-61-7, paragraph (1), Article 52-78, paragraph (1), Article 52-79, or Article 52-83, paragraph (2), or files a false notification;
- (iii) a person violates the provisions of Article 52-40, paragraph (1) (including as applied mutatis mutandis pursuant to Article 52-2-10; the same applies in the following item) or Article 52-60-9, paragraph (1) or (2);
- (iv) a person posts a sign referred to in Article 52-40, paragraph (1) or a sign referred to in Article 52-60-9, paragraph (1), or a sign similar to the sign, in violation of the provisions of Article 52-40, paragraph (2) (including as applied mutatis mutandis pursuant to Article 52-2-10) or Article 52-60-9, paragraph (3);
- (v) a person uses a word in their name which is likely to be mistaken for a member of a certified association of electronic payment handling service providers or a member of a certified association of electronic payment service providers, in violation of Article 52-60-27, paragraph (3) or Article 52-61-21, paragraph (3);
- (vi) a person fails to make a report under the provisions of Article 52-68, paragraph (1) or makes a false report; or
- (vii) a person fails to give a notice under the provisions of Article 52-83, paragraph (3) or Article 52-84, paragraph (3), or gives a false notice.

Article 64 (1) If the representative of a corporation (including an organization that is not a corporation but whose representative or administrator has been designated; hereinafter the same applies in this paragraph) or the agent, employee, or other workers of a corporation or individual commits the act of violation set forth in the provisions of the following items concerning business

or property of that corporation or individual, in addition to the offender being subject to punishment, the corporation is subject to punishment by the fine prescribed in the relevant item, and the individual is subject to punishment by the fine referred to in the relevant Article:

- (i) the provisions of Article 61, item (iv) or Article 62 (excluding item (iii)): a fine of not more than 300 million yen;
  - (ii) the provisions of Article 62-2 (excluding item (ii)), Article 63, items (i) through (iv), item (vii), item (viii), or item (x), or Article 63-2, item (i) or (iii): a fine of not more than 200 million yen;
  - (iii) the provisions of Article 63-2, item (ii) or Article 63-2-2: a fine of not more than 100 million yen; and
  - (iv) the provisions of Article 61 (excluding item (iv)), Article 61-2, Article 62, item (iii), Article 62-2, item (ii), Article 63, items (v) through (vi)-2, or item (ix), Article 63-2, item (iv), or Article 63-2-5 through the preceding Article: the fine referred to in the relevant Article.
- (2) If an organization that is not a corporation is to be punished pursuant to the provisions of the preceding paragraph, in addition to its representative or administrator to represent the organization in procedural acts, the provisions of laws concerning criminal proceedings that have a corporation as the accused or a suspect apply *mutatis mutandis*.

Article 65 In the cases that fall under any of the following cases, the director, executive officer, or accounting advisor, or the member who is to perform the advisor's duty, or the company auditor, manager, or liquidator of the bank (including the company that was the relevant bank, if the license referred to in Article 4, paragraph (1) granted by the Prime Minister has ceased to be effective as a result of the bank falling under one of Article 41, items (i) to (iii)), the representative, agent, or manager of the foreign bank, the major holder of voting rights in the bank (including the person that was the major holder of voting rights in the relevant bank, if the major holder of voting rights in the bank is no longer the major holder of voting rights in the bank; and if the major holder of voting rights in the bank is a corporation, etc. (meaning a corporation or an organization without legal personality provided for in Article 3-2, paragraph (1), item (i); hereinafter the same applies in this Article), the director, executive officer, or accounting advisor or the member who is to perform the advisor's duty, or the company auditor, representative, administrator, manager, the member that is to execute the operations, or liquidator of that corporation, etc.); the bank's major shareholder (including the person that was the relevant bank's major shareholder, if the bank's major shareholder is no longer the bank's major shareholder; and if the bank's major shareholder is a corporation, etc., the director, executive officer, or accounting

advisor or the member who is to perform the advisor's duty, or the company auditor, representative, administrator, manager, the member that is to execute the operations, or liquidator of that corporation, etc.); the specified major shareholder (including the person that was the relevant specified major shareholder, if the specified major shareholder is no longer the holder of a number of voting rights in the bank which is equal to or greater than the major shareholder threshold; and if the specified major shareholder is a corporation, etc., the director, executive officer, or accounting advisor or member who is to perform the advisor's duty, or the auditor, representative, administrator, manager, the member that is to execute the operations, or liquidator of that corporation, etc.); the director, executive officer, or accounting advisor or the member who is to perform the advisor's duty, or the company auditor, manager, or liquidator of the bank holding company (including the company that was the relevant bank holding company, if the bank holding company is no longer a bank holding company); the director, executive officer, or accounting advisor or the member who is to perform the advisor's duty, or the company auditor, manager, the member that is to execute the operations, or liquidator of the specified holding company (including the company that was the relevant specified holding company, if the specified holding company is no longer a holding company which has a bank as its subsidiary company); the bank agent (if the bank agent is a corporation, the director, executive officer, accounting advisor or the member who is to perform the advisor's duty, company auditor, board member, auditor, representative, the member that is to execute the operations, or liquidator); the director, executive officer, or accounting advisor or the member who is to perform the advisor's duty, or the auditor, manager, or liquidator of the electronic payment handling service provider (if the electronic payment handling service provider is a foreign electronic payment handling service provider, its representative in Japan or liquidator); the electronic payment service provider (if the electronic payment service provider is a corporation, the director, executive officer, accounting advisor or the member who is to perform the advisor's duty, company auditor, board member, auditor, representative, the member that is to execute operations, or liquidator); or the board member, auditor, or liquidator of a certified association of electronic payment handling service providers or a certified association of electronic payment service providers; that has committed any of the following act is subject to punishment by a civil fine of not more than one million yen:

- (i) when the person performs the acts prescribed in Article 5, paragraph (3), Article 6, paragraph (3), Article 8, paragraph (2) or (3), or Article 47-3 without obtaining the authorization by the Prime Minister under those provisions;
- (ii) when the person violates the provisions of Article 7, paragraph (1) or

- Article 52-19, paragraph (1) and engages in the day-to-day business of another company;
- (iii) when the person violates the provisions of Article 12 or Article 52-21, paragraph (2) in conducting other business;
  - (iv) when the person fails, in violation of the provisions of Article 8, paragraph (1) or paragraph (4), Article 16, paragraph (1), Article 34, paragraph (1), Article 36, paragraph (1), Article 38, Article 49, Article 52, paragraph (1) or (3), Article 52-2, paragraph (3), Article 52-2-9, Article 52-39, paragraph (1), Article 52-47, paragraph (1), Article 52-48, Article 52-60-2, paragraph (3), Article 52-60-7, paragraph (1) or (2), Article 52-61-6, paragraph (1), or Article 53, paragraphs (1) through (6), to file a notification, issue public notice, or makes a posting under those provisions; or the person files a false notification, issues false public notice, or makes a false posting;
  - (v) when the person makes, in violation of the provisions of Article 16-2, paragraph (1), a company other than a company eligible to be a subsidiary company prescribed in that paragraph (excluding a domestic company prescribed in Article 16-4, paragraph (1)) its subsidiary company; or the person makes, in violation of the provisions of Article 52-23, paragraph (1), a company other than a company eligible to be a subsidiary company prescribed in that paragraph (excluding a domestic company prescribed in Article 52-24, paragraph (1)) its subsidiary company;
  - (vi) when the person makes a bank, etc. eligible to be a subsidiary company its subsidiary company without obtaining the authorization by the Prime Minister under the provisions of Article 16-2, paragraph (4) (for a company set forth in paragraph (1), item (xv) of that Article (excluding a company specified by Cabinet Office Order that is prescribed in paragraph (4) of that Article), when the bank or its subsidiary company acquires or holds voting rights in that company that cause the number of voting rights to exceed the maximum threshold for voting rights when the voting rights are combined); the person makes a foreign specified finance-related services company prescribed in paragraph (7) of that Article its subsidiary company without obtaining the authorization by the Prime Minister under the provisions of paragraph (4) of that Article as applied mutatis mutandis pursuant to paragraph (7) of that Article; the person makes a company set forth in the items of paragraph (1) of that Article to be a subsidiary company that falls under a company set forth in the other items of that paragraph (limited to a bank, etc. eligible to be a subsidiary company), without obtaining the authorization by the Prime Minister under the provisions of paragraph (4) of that Article as applied mutatis mutandis pursuant to paragraph (13) of that Article; when the person makes a company set forth in paragraph (1), item (xv) of that Article (limited to a company specified by Cabinet Office Order

- that is prescribed in paragraph (13) of that Article) into a subsidiary company that falls under a company set forth in that item (excluding the company specified by Cabinet Office Order); or when the bank or its subsidiary company holds voting rights in the company set forth in that item that cause the number of voting rights to exceed the maximum threshold for voting rights when combined, after one year has passed since the day on which they became aware that the company eligible to be a subsidiary company prescribed in paragraph (16) of that Article has become a company set forth in that item (excluding a company specified by Cabinet Office Order that is prescribed in that paragraph) or any other fact specified by Cabinet Office Order as prescribed in that paragraph, without obtaining the authorization by the Prime Minister under the provisions of that paragraph;
- (vii) when the person violates the provisions of Article 16-4, paragraph (1), the proviso to Article 16-4, paragraph (2), Article 52-24, paragraph (1), or the proviso to Article 52-24, paragraph (2);
  - (viii) when the person violates the conditions that have been attached pursuant to the provisions of Article 16-4, paragraph (3) or (5), or, Article 52-24, paragraph (3) or (5);
  - (ix) when the person fails to appropriate capital reserve or retained earnings reserve, in violation of the provisions of Article 18;
  - (x) when the person fails to submit an improvement plan in violation of the provisions of Article 26, paragraph (1), Article 52-14, paragraph (1), or Article 52-33, paragraph (1); violates an order (excluding an order to suspend all or part of its services) under the provisions of Article 26, paragraph (1); or violates an order under Article 52-13, Article 52-14, Article 52-15, paragraph (1), Article 52-33, paragraph (1) or (3), Article 52-55, Article 52-60-22, Article 52-60-34, paragraph (1), Article 52-61-16, or Article 52-61-28, paragraph (1);
  - (xi) when the person makes a business transfer or acquisition, in violation of the provisions of Article 34, paragraph (5) (including as applied mutatis mutandis pursuant to Article 35, paragraph (3));
  - (xi)-2 when the person fails to possess assets that exceed the amount provided for in Article 47-2 in Japan, in violation of the provisions of that Article;
  - (xii) when the person fails to make a report or submit materials pursuant to Article 48, Article 52, paragraph (2), or Article 52-2-8, or makes a false report or submits false materials;
  - (xii)-2 when the person fails to request an investigation referred to in Article 941 (Electronic Public Notice Investigation) of the Companies Act, in violation of the provisions of that Article as applied mutatis mutandis pursuant to Article 49-2, paragraph (2) or Article 52-60-36, paragraph (7);
  - (xiii) when the person fails to make a submission or file a notification under the provisions of Article 52-2-11, paragraph (1), Article 52-3, paragraph (1),

- paragraph (3), or paragraph (4), Article 52-4, paragraph (1) or (2), Article 52-5, Article 52-6, Article 52-9, paragraph (3), or Article 52-17, paragraph (2) or (4), or makes a false submission or files a false notification;
- (xiv) when the person becomes a holder of the number of voting rights in the bank which is equal to or greater than the major shareholder threshold through a transaction or action set forth in any of the items of Article 52-9, paragraph (1), or incorporates a company or any other corporation that is the holder of the number of voting rights in the bank which is equal to or greater than the major shareholder threshold, without obtaining the authorization by the Prime Minister under the provisions of that paragraph;
- (xv) when the person violates the provisions of Article 52-9, paragraph (2) and remains to be a holder of the number of voting rights in the bank which is equal to or greater than the major shareholder threshold after the last day of the grace period provided for in that paragraph;
- (xvi) when the person remains to be a holder of the number of voting rights in the bank which is equal to or greater than the major shareholder threshold, in violation of the order under Article 52-9, paragraph (4), or remains to be a holder of the number of voting rights in the bank which is equal to or greater than the major shareholder threshold even after the period designated by the Prime Minister as provided for in Article 52-15, paragraph (2), in violation of the provisions of that paragraph;
- (xvi)-2 when the person performs the services specified by Cabinet Office Order that are prescribed in Article 52-21-2, paragraph (1) (excluding minor services specified by Cabinet Office Order that are prescribed in the proviso to paragraph (2) of that Article) without obtaining the authorization by the Prime Minister under the provisions of paragraph (2) of that Article;
- (xvii) when the person makes a bank, etc. eligible to be a subsidiary company its subsidiary company without obtaining the authorization by the Prime Minister prescribed in Article 52-23, paragraph (3) (for a company set forth in paragraph (1), item (xiv) of that Article (excluding a company specified by Cabinet Office Order that is prescribed in paragraph (3) of that Article), and the bank holding company or its subsidiary company acquires or holds voting rights in that company that cause the number of voting rights to exceed the maximum threshold for voting rights when the voting rights are combined), the person makes a foreign specified finance-related services company prescribed in paragraph (6) of that Article its subsidiary company without obtaining the authorization by the Prime Minister prescribed in paragraph (3) of that Article as applied mutatis mutandis pursuant to paragraph (6) of that Article, the person makes a company set forth in one of the items of paragraph (1) of that Article a subsidiary company that falls under a company set forth in one of the other items of that paragraph (limited to a

bank, etc. eligible to be a subsidiary company) without obtaining the authorization by the Prime Minister prescribed in paragraph (3) of that Article as applied mutatis mutandis pursuant to paragraph (12) of that Article, the person makes a company set forth in paragraph (1) item (xiv) of that Article (limited to a company specified by Cabinet Office Order that is prescribed in paragraph (12) of that Article) their subsidiary company that falls under a company set forth in that item (excluding the company specified by Cabinet Office Order), the bank holding company or its subsidiary company holds voting rights in the company set forth in that item that cause the number of voting rights to exceed the maximum threshold for voting rights when the voting rights are combined after one year has passed since the day on which they learn that the company eligible to be a subsidiary company prescribed in paragraph (15) of that Article has become a company set forth in that item (excluding a company specified by Cabinet Office Order that is prescribed in that paragraph) or any other fact specified by Cabinet Office Order that is prescribed in that paragraph without obtaining the authorization by the Prime Minister prescribed in that paragraph, the person makes a company eligible to be a special subsidiary company that performs the target services of a special subsidiary company into a specified bank holding company subsidiary, without obtaining the authorization by the Prime Minister prescribed in Article 52-23-2, paragraph (3), the person makes a company eligible to be a special subsidiary company a specified bank holding company subsidiary that performs the target services of a special subsidiary company other than the target services of a special subsidiary company related to the authorization referred to in paragraph (3) of that Article (including as applied mutatis mutandis pursuant to paragraph (5) of that Article) or the proviso to paragraph (4) of that Article without obtaining the authorization by the Prime Minister prescribed in paragraph (3) of that Article as applied mutatis mutandis pursuant to paragraph (6) of that Article, or the person makes a company that exclusively engages in special advanced banking services a specified bank holding company subsidiary (in the case of a company specified by Cabinet Office Order that is prescribed in that paragraph when the bank holding company or its subsidiary company acquires or holds voting rights in that company that cause the number of voting rights to exceed the maximum threshold for voting rights when combined) without filing a notification under paragraph (8) of that Article or by filing a false notification;

(xviii) when the person fails to manage property that should be managed pursuant to the provisions of Article 52-43 (including as applied mutatis mutandis pursuant to Article 52-2-10);

(xix) when the person fails to prepare or preserve the books and documents

under the provisions of Article 52-49 (including as applied mutatis mutandis pursuant to Article 52-2-10), Article 52-60-18, or Article 52-61-12, or prepares false books and documents;

- (xx) when the person violates the conditions that are attached pursuant to the provisions of Article 54, paragraph (1) (limited to those attached to the authorization, approval, or certification under the provisions of Article 8, paragraph (2) or (3), Article 16-2, paragraph (4) (including as applied mutatis mutandis pursuant to paragraph (7) or (13) of that Article), paragraph (8), paragraph (11), paragraph (14) or paragraph (16), Article 30, paragraphs (1) through (3), Article 37, paragraph (1), Article 47-3, Article 52-2, paragraph (1) or (2), Article 52-9, paragraph (1) or the proviso to paragraph (2), Article 52-23, paragraph (3) (including as applied mutatis mutandis pursuant to paragraph (6) or (12) of that Article), paragraph (7), paragraph (10), paragraph (13) or paragraph (15), Article 52-23-2, paragraph (3) (including as applied mutatis mutandis pursuant to paragraph (5) of that Article) or paragraph (7), or Article 52-35, paragraphs (1) through (3)); or
- (xxi) when the person fails to make a registration pursuant to the provisions of Article 57-4.

Article 66 A person that falls under any of the following items is subject to punishment by a civil fine of not more than one million yen:

- (i) a person who uses a word in their name or trade name indicating they are a bank, in violation of the provisions of Article 6, paragraph (2);
- (ii) a person who fails to report or makes a false report, in violation of the provisions of Article 946, paragraph (3) (Obligation of Investigation) of the Companies Act as applied mutatis mutandis pursuant to Article 49-2, paragraph (2) or Article 52-60-36, paragraph (7);
- (iii) a person who refuses a request set forth in any of the items of Article 951, paragraph (2) (Keeping and Inspection of Financial Statements) of the Companies Act or the items of Article 955, paragraph (2) (Statements in an Investigation Record Book) of that Act as applied mutatis mutandis pursuant to Article 49-2, paragraph (2) or Article 52-60-36, paragraph (7), without legitimate grounds for doing so; or
- (iv) a person who violates the provisions of Article 52-76.

Article 66-2 A person who falls under any of the following items is punished by a civil fine of not more than 500,000 yen.

- (i) a person who refuses to make a membership list available for public inspection pursuant to Article 52-60-27, paragraph (1) or Article 52-61-21, paragraph (1) without legitimate grounds for doing so; or
- (ii) a person who fails to file a notification under the provisions of Article 52-

60-36, paragraph (1) or (4), or files a false notification.

Article 67 A person that falls under any of the following items is punished by a civil fine of not more than 100,000 yen:

- (i) a person who uses a word in their name that is likely to be mistaken for a certified association of electronic payment handling service providers or a certified association of electronic payment service providers, in violation of the provisions of Article 52-60-27, paragraph (2) or Article 52-61-21, paragraph (2); or
- (ii) a person who uses a word in their name or trade name that is likely to be mistaken for a designated dispute resolution organization, in violation of the provisions of Article 52-77.

## **Chapter X Special Provisions on Procedures Concerning Confiscation**

(Procedure for Confiscation of Third Party's Property)

Article 68 (1) If a claim or similar property (meaning property other than real property or movables; the same applies in the following Article and Article 70) that should be confiscated pursuant to the provisions of Article 63-2-3, paragraph (1), belongs to a person other than the defendant (hereinafter referred to as a "third party" in this Article), and the third party is not allowed to participate in the proceedings of the case under public prosecution, a judicial decision to confiscate the property may not be made.

- (2) The provisions of the preceding paragraph also apply if the relevant authorities seek to confiscate property on which a superficies, a mortgage, or any other right of a third party exists pursuant to the provisions of Article 63-2-3, paragraph (1), and the third party is not allowed to participate in the proceedings of the case under public prosecution.
- (3) The provisions of Article 209-4, paragraphs (3) through (5) (Procedure for Confiscation of Property of a Third Party) of the Financial Instruments and Exchange Act apply mutatis mutandis when the relevant authorities confiscate property on which a superficies, a mortgage or any other right of a third party exists, and the right should be maintained pursuant to the provisions of Article 209-3, paragraph (2) (Requirements for Confiscation) of that Act as applied mutatis mutandis pursuant to Article 63-2-3, paragraph (2). In such a case, the term "paragraph (2) of the preceding Article" in Article 209-4, paragraphs (3) and (4) of that Act is deemed to be replaced with "paragraph (2) of the preceding Article as applied mutatis mutandis pursuant to Article 63-2-3, paragraph (2) of the Banking Act".
- (4) Beyond what is specifically provided for in this Act regarding the procedures for confiscating property that are prescribed in paragraph (1) and paragraph

(2), the provisions of the Act on Emergency Measures on Criminal Procedure to Confiscate Items Owned by Third Parties (Act No. 138 of 1963) apply mutatis mutandis.

(Disposition of a Confiscated Claim or Similar Property)

Article 69 The provisions of Article 209-5, paragraph (1) (Disposition of a Confiscated Claim) of the Financial Instruments and Exchange Act apply mutatis mutandis to a claim or similar property that has been confiscated for a crime referred to in Article 63-2-2; the provisions of Article 209-5, paragraph (2) of that Act apply mutatis mutandis if a judicial decision to confiscate a claim that is to be confiscated for a crime referred to in Article 63-2-2 has become final and binding; and the provisions of Article 209-6 (Registration Based on a Judicial Decision for Confiscation) of that Act apply mutatis mutandis if a relevant organization is commissioned to register the transfer of a right based on a judicial decision to confiscate the property whose transfer requires the registration of a transfer of rights for a crime referred to in Article 63-2-2.

(Special Provisions on Compensation in Criminal Cases)

Article 70 The provisions of Article 4, paragraph (6) of the Criminal Compensation Act (Act No. 1 of 1950) apply mutatis mutandis to the details of the compensation under that Act for executing the confiscation of a claim or similar property that should be confiscated for a crime referred to in Article 63-2-2.

## **Supplementary Provisions**

(Effective Date)

Article 1 This Act comes into effect as of the date specified by Cabinet Order, within a period not exceeding one year from the date of its promulgation; provided, however, that Article 9, paragraphs (1) and (2) of the Supplementary Provisions come into effect as of the date of promulgation of this Act.

(Transitional Measures for Business License)

Article 2 A person that has already obtained the license of the competent minister referred to in Article 2 of the Banking Act before the amendment (hereinafter referred to as the "former Act") at the time this Act comes into effect (including a person that is deemed to have obtained the license of the competent minister referred to in Article 2 of the former Act pursuant to Article 39, paragraph (2) of the former Act, a law other than the former Act, or an order based on them, and excluding a person that has obtained the license

of the competent minister referred to in Article 2 of the former Act pursuant to Article 32, paragraph (1) of the former Act) is deemed to have obtained the license of the Minister of Finance referred to in Article 4, paragraph (1) of the Banking Act after the amendment (hereinafter referred to as the "new Act") at the time this Act comes into effect.

(Transitional Measures on Amount of Capital)

Article 3 The provisions of Article 5, paragraph (1) of the new Act do not apply until the last day of the five-year period that runs from the day on which this Act comes into effect (hereinafter referred to as the "effective date") for a bank that is deemed, pursuant to the provisions of the preceding Article, to have obtained the license of the Minister of Finance referred to in Article 4, paragraph (1) of the new Act (hereinafter referred to as a "bank licensed under the former Act"), whose amount of capital at the time this Act comes into effect is less than the amount that is specified by Cabinet Order based on the provisions of Article 5, paragraph (1) of the new Act.

(Transitional Measures on Authorization for Overseas Subsidiaries)

Article 4 (1) If, at the time this Act comes into effect, a bank that has already obtained the license under the former Act holds shares or equity in a foreign company prescribed in Article 9, paragraph (1) of the new Act in excess of the quantity or amount arrived at by multiplying the total number of issued shares or total amount of contribution in the foreign company by the percentage specified by the Ministry of Finance Order based on the provisions of Article 9, paragraph (1) of the new Act, the bank that has obtained the license under the former Act must file a notification to that effect with the Minister of Finance, by the last day of the three-month period that begins on the effective date.

(2) If, at the time this Act comes into effect, the acquisition of shares or equity interest for which a bank has been licensed under the former Act has received the permission set forth in item (i) or has filed the notification set forth in item (ii) falls under provisions of Article 9, paragraph (1) of the new Act, the bank that has been licensed under the former Act must file a notification to that effect with the Minister of Finance, by the last day of the three-month period that begins on the effective date.

(i) permission under the provisions of Article 21, paragraph (2) (Capital Transactions for Which Permission of Minister of Finance is Required) of the Foreign Exchange and Foreign Trade Act (Act No. 228 of 1949);

(ii) a notification under the provisions of Article 22, paragraph (1), item (iv) (Notification of Outward Direct Investment by a Resident) of the Foreign Exchange and Foreign Trade Act (limited to the case in which the period during which the acquisition of the shares or the equity interest related to

the notification is prohibited pursuant to the provisions of Article 23, paragraph (1) of that Act has already expired without the bank receiving the recommendation from the Minister of Finance pursuant to the provisions of Article 23, paragraph (2) of that Act (Examination on Contents of Capital Transactions and Recommendation to Change Thereof), or if the bank has received that recommendation and notified the relevant person of its acceptance of the recommendation pursuant to the provisions of Article 23, paragraph (4) of that Act).

- (3) A bank licensed under the former Act that has filed a notification pursuant to the provisions of the preceding two paragraphs is deemed to have obtained the authorization referred to in Article 9, paragraph (1) of the new Act for acquiring the shares or equity interest related to the notification.

#### Article 5 Deleted

(Transitional Measures for Granting Credit to a Single Person)

Article 6 (1) The provisions of the main clause of Article 13, paragraph (1) of the new Act do not apply for the three-month period that begins on the effective date to the grant of credit prescribed in the main clause of Article 13, paragraph (1) of the new Act which, at of the time this Act comes into effect, has been granted by a bank licensed under the former Act to a single person in an amount that exceeds the limit on grant of credit prescribed in the main clause of paragraph (1) of the new Act.

- (2) The provisions of Article 13 of the new Act do not apply to a foreign bank branch office for five years after the effective date.

(Transitional Measures for Granting Credit to Directors)

Article 7 The provisions of Article 14 of the new Act apply to the grant of credit prescribed in Article 14, paragraph (1) of the new Act for which the director of the bank has obtained the approval of the board of directors under the provisions of Article 265 of the Commercial Code on or after the effective date, and prior laws continue to govern the grant of credit for which the director of the bank has obtained the approval of the board of directors under the provisions of Article 265 of the Commercial Code before the effective date.

(Transitional Measures on Temporary Suspension of Business)

Article 8 The provisions of Article 16 of the new Act apply when a bank temporarily suspends all or part of its services at its business office or agency on or after the effective date, and prior laws continue to govern when a bank licensed under the former Act temporarily suspends its services or suspends the repayment of deposits, before the effective date.

(Transitional Measures on Accounting)

Article 9 (1) The business year of a bank that starts from April 1981 may be made to run from that month until March 1982, in accordance with the rules provided by the Minister of Finance.

(2) In applying the provisions of Article 8 of the Banking Act (Act No. 21 of 1927) when the business year for a bank starting from April 1981 is to be in accordance with the provisions of the preceding paragraph, in that Article, the term "every accounting period" is deemed to be replaced with "the accounting period for that business year" and the term "must be set aside as retained earnings reserves" is deemed to be replaced with "and, if a distribution of money referred to in Article 293-5, paragraph (1) of the Commercial Code is made, one fifth of the amount of the distributed money must be set aside as retained earnings reserves".

(3) The term "In applying the provisions of Article 8 of the Banking Act (Act No. 21 of 1927)" in the preceding paragraph is deemed to be replaced with "The provisions of Article 8 of the former Act, which is to be governed by the prior laws pursuant to the provisions of paragraph (1) of the following Article" on and after the effective date.

Article 10 (1) The provisions of Article 17 and Article 18 of the new Act apply to a business year starting on or after April 1, 1982, and the reserves of retained earnings to be set aside for that business year, and prior laws continue to govern the reserves of retained earnings set aside for the business year that started before that date and for that business year.

(2) The provisions of Articles 19 through 22 of the new Act apply to the document provided for in those provisions which is related to the business year starting on or after April 1, 1982, and prior laws continue to govern the document provided for in Articles 10 through 12-2 of the former Act which is related to the business year starting before that date.

(Transitional Measures on Revocation of License)

Article 11 The provisions of Article 27 of the new Act apply to the suspension of a bank's services, dismissal of a director or company auditor, or revocation of the license referred to in Article 4, paragraph (1) of the new Act granted by the Prime Minister, related to an action that a bank has performed on or after the effective date, and prior laws continue to govern the suspension of a bank's services, dismissal of a director or company auditor, or revocation of the license granted by the competent minister related to an action that a bank licensed under the former Act has performed before the effective date.

(Transitional Measures on Authorization of Transfer or Acquisition of Business)

Article 12 The provisions of Article 30, paragraph (3) or (4) of the new Act apply to the transfer or acquisition of business approved by a resolution passed at a shareholders meeting or of board of directors meeting to be held on or after the effective date.

(Transitional Measures on Demands for Objections to a Merger)

Article 13 The provisions of Article 33 of the new Act apply to the demand provided for in that Article when a bank passes a resolution for a merger provided in that Article on or after the effective date, and prior laws continue to govern the demand for a resolution for a merger passed before the effective date.

(Transitional Measures on Procedures Associated with Transfer or Acquisition of Business)

Article 14 (1) The provisions of Article 34 and Article 35 of the new Act apply to a public notice, demand, or creditor's objection related to a resolution passed at a shareholders meeting or of board of directors meeting to be held on or after the effective date.

(2) The provisions of Article 36 of the new Act apply to the transfer of business related to a resolution passed at a shareholders meeting or of board of directors meeting to be held on or after the effective date.

(Transitional Measures for Public Notice of Business Discontinuation)

Article 15 The provisions of Article 38 of the new Act apply if the authorization under the provisions of Article 37, paragraph (1) of the new Act is granted on or after the effective date, and prior laws continue to govern when the authorization under the provisions of Article 25 of the former Act is granted before the effective date.

(Transitional Measures on Dissolution due to Revocation of License)

Article 16 The revocation of the license granted by the competent minister for a bank licensed under the former Act, when prior laws are to continue to govern pursuant to the provisions of Article 11 of the Supplementary Provisions, is deemed to be a revocation of the license granted by the Minister of Finance referred to in Article 4, paragraph (1) of the new Act pursuant to the provisions of Article 27 or Article 28 of the new Act, and the provisions of Article 40, Article 42, and Article 56, item (ii) of the new Act apply.

(Transitional Measures on Expiration of License)

Article 17 The provisions of Article 41, item (iv) of the new Act apply to the license referred to in Article 4, paragraph (1) of the new Act granted by the Prime Minister that a bank has obtained on or after the effective date, and prior laws continue to govern the license granted by the competent minister referred to in Article 2 of the former Act that a bank licensed under the former Act has obtained before the effective date.

(Transitional Measures on Conversion into a Non-Banking Company)

Article 18 The provisions of Article 43 of the new Act apply when a bank falls under the provisions of Article 41, item (i) of the new Act on or after the effective date and the license referred to in Article 4, paragraph (1) of the new Act granted by the Prime Minister ceases to be effective, and when a company other than a bank, etc. succeeds to the liabilities of any outstanding deposit or installment savings after the effective date due to a merger; and prior laws continue to govern the competent minister's supervision of a company to which the provisions of Article 26 of the former Act have been applied on the day before the effective date.

(Transitional Measures on Appointment and Dismissal of a Liquidator and Supervision of Liquidation)

Article 19 The provisions of Article 44 and Article 45 of the new Act apply when a bank is dissolved on or after the effective date, and prior laws continue to govern the dismissal, appointment, and supervision of a liquidator prescribed in Article 27, paragraph (2), Article 28, and Article 29 of the former Act for liquidation commenced before the effective date.

(Transitional Measures on the Prime Minister's Opinion in Liquidation Proceedings)

Article 20 The provisions of Article 46 of the new Act apply to liquidation proceedings, bankruptcy proceedings, composition proceedings, arrangement proceedings, or reorganization proceedings commencing on or after the effective date for a bank (including a company that was a bank before the dissolution); and prior laws continue to govern the liquidation, bankruptcy, or compulsory composition prescribed in Article 30 or Article 31 of the former Act which have commenced before the effective date.

(Transitional Measures on Business Licenses of Foreign Bank Branches)

Article 21 (1) A person that has already obtained the license referred to in Article 2 of the former Act granted by the competent minister pursuant to the provisions of Article 32, paragraph (1) of the former Act at the time this Act comes into effect is deemed to have obtained the license referred to in Article 4,

paragraph (1) of the new Act granted by the Minister of Finance pursuant to the provisions of Article 47, paragraph (1) of the new Act at the time this Act comes into effect.

- (2) A person that is deemed to have obtained the license referred to in Article 4, paragraph (1) of the new Act granted by the Minister of Finance pursuant to the provisions of the preceding paragraph must file a notification with the Minister of Finance indicating the name of the representative of the foreign bank branch office under that license by the last day of the three-month period that begins on the effective date.

(Transitional Measures on Submission of Materials by Foreign Bank Branch Offices)

Article 22 The provisions of Article 48, paragraph (1) of the new Act apply to the submission of materials provided for in Article 48, paragraph (1) of the new Act for the business year starting on or after April 1, 1982.

(Transitional Measures on Notification of Establishment of a Representative Office of Foreign Banks)

Article 23 A foreign bank that has already established a facility referred to in Article 52, paragraph (1) of the new Act at the time this Act comes into effect must file a notification with the Minister of Finance on the content of its services prescribed in that paragraph, the location of the facility, and other particulars specified by Ministry of Finance Order, by the last day of the three-month period that begins on the effective date. In such a case, the notification is deemed to be a notification filed pursuant to the provisions of that paragraph.

(Transitional Measures on Expiration of Authorization)

Article 24 The provisions of Article 55 of the new Act apply to the authorization under the provisions of the new Act that a bank obtains on or after the effective date, and prior laws continue to govern the authorization under the provisions of the former Act for which the corresponding provisions exist in the new Act, which a bank licensed under the former Act has obtained before the effective date.

(Effect of Dispositions or Procedures Based on the Provisions of the Former Act)

Article 25 Unless otherwise provided for by these Supplementary Provisions, an authorization, approval, or any other disposition which has been taken before the effective date pursuant to the provisions of the former Act or an order based on the former Act, or an application or any other procedure for which

corresponding provisions exist in the new Act or an order based on the new Act is deemed to be an authorization, approval, or other dispositions, or an application or other procedures which have been taken pursuant to the corresponding provisions of the new Act or an order based on the new Act.

(Transitional Measures on Penal Provisions)

Article 26 Prior laws continue to govern the applicability of penal provisions to acts which a person has committed before this Act comes into effect, as well as to acts which a person commits after this Act comes into effect related to the particulars for which prior laws are to continue to govern pursuant to the provisions of the Supplementary Provisions.

(Delegation to Cabinet Order)

Article 27 Beyond what is provided for in Article 2 through the preceding Article of the Supplementary Provisions, Cabinet Order prescribes the transitional measures necessary for the enforcement of this Act.

#### **Supplementary Provisions [Act No. 75 of June 9, 1981 Extract] [Extract]**

This Act comes into effect as of the day on which the Act Partially Amending the Commercial Code, etc. comes into effect (October 1, 1982).

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

- (1) This Act (excluding Article 1) comes into effect as of July 1, 1984.
- (2) The transitional measures that are to be necessary for organizations, etc. that have been established pursuant to the provisions of laws on the day before the effective date of this Act, which are to be in place after the effective date of this Act pursuant to the provisions of the National Government Organization Act or Cabinet Order based on the provisions of related laws amended by this Act (hereinafter referred to as a "related Cabinet Order"), and the transitional measures that are to be necessary for the establishment, amendment, or appeal of related Cabinet Orders associated with the enforcement of this Act may be specified by Cabinet Order.

#### **Supplementary Provisions [Act No. 75 of May 31, 1988 Extract] [Extract]**

(Effective Date)

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

(Transitional Measures upon Partial Amendment of the Banking Act)

Article 40 A bank that has already determined its business content and business methods and has obtained the authorization by the Minister of Finance at the time this Act comes into effect pursuant to the provisions of Article 5, paragraph (1) of the Supplementary Provisions of the Banking Act before the amendment under the provisions of the preceding Article is deemed to have determined the same business content and business methods as those already determined at the time this Act comes into effect and have obtained the authorization referred to in Article 5, paragraph (1) of the Supplementary Provisions of the Banking Act after the amendment under the provisions of the preceding Article granted by the Minister of Finance.

(Transitional Measures on Penal Provisions)

Article 42 Prior laws continue to govern the applicability of penal provisions to acts which a person has committed before the effective date, as well as to acts which a person commits after the effective date related to the particulars for which prior laws are to continue to govern pursuant to these Supplementary Provisions.

(Delegation of Other Transitional Measures to Cabinet Order)

Article 43 Beyond what is provided for in these Supplementary Provisions, Cabinet Order prescribes the transitional measures necessary for the enforcement of this Act.

**Supplementary Provisions [Act No. 77 of May 31, 1988 Extract] [Extract]**

(Effective Date)

Article 1 This Act comes into effect as of the date specified by Cabinet Order, within a period not exceeding one year after the date of its promulgation.

**Supplementary Provisions [Act No. 87 of June 26, 1992 Extract] [Extract]**

(Effective Date)

Article 1 This Act comes into effect as of the date specified by Cabinet Order, within a period not exceeding one year after the date of its promulgation.

(Transitional Measures upon Partial Amendment of the Banking Act and Other Acts)

Article 2 (1) A single bank, etc. (meaning a bank, etc. as defined in Article 4, paragraph (5) of the Banking Act after the amendment pursuant to the provisions of Article 1 (hereinafter referred to as the "new Banking Act");

hereinafter the same applies in this Article) that already holds shares (limited to voting shares) or equity interest (hereinafter shares or equity interest are referred to as "shares or equity") in a number or amount that exceeds fifty percent of the total number of issued shares (limited to voting shares) or the total amount of contributions (hereinafter the total number of issued shares and the total amount of contributions are referred to as "issued shares or contributions") in a company set forth in Article 16-4, paragraph (1), item (ii) of the new Banking Act (including as applied mutatis mutandis pursuant to Article 17 of the Long-Term Credit Bank Act after the amendment pursuant to the provisions of Article 2 (hereinafter referred to as the "new Long-Term Credit Bank Act") or Article 11 of the Foreign Exchange Bank Act after the amendment pursuant to the provisions of Article 3 (hereinafter referred to as the "new Foreign Exchange Bank Act"); the same applies in the following paragraph) at the time this Act comes into effect, must file a notification to that effect with the Minister of Finance by the last day of the three-month period that begins on the day this Act comes into effect (hereinafter referred to as the "effective date").

- (2) If the acquisition of shares or equity for which a bank, etc. has already obtained the permission set forth in item (i) or has already filed the notification referred to in item (ii) at the time this Act comes into effect (limited to an acquisition that has not been implemented by the effective date) is to be an acquisition of shares or equity accounting for more than fifty percent of issued shares or contributions for a company set forth in Article 16-4, paragraph (1), item (ii) of the new Banking Act, the bank, etc. must file a notification to that effect with the Minister of Finance, by the last day of the three-month period that begins on the effective date.
  - (i) permission under the provisions of Article 21, paragraph (2) of the Foreign Exchange and Foreign Trade Act (Act No. 228 of 1949); and
  - (ii) a notification pursuant to the provisions of Article 22, paragraph (1), item (iv) of the Foreign Exchange and Foreign Trade Act (limited to when the period during which the acquisition of the shares or equity related to the notification is prohibited pursuant to the provisions of Article 23, paragraph (1) of that Act has already expired without the bank, etc. receiving a recommendation by the Minister of Finance pursuant to the provisions of Article 23, paragraph (2) of that Act for the notification, or when the bank, etc. has received that recommendation and has given a notice indicating that it will accept the recommendation pursuant to the provisions of Article 23, paragraph (4) of that Act).
- (3) The provisions of Article 16-2, paragraph (2) of the new Banking Act as applied mutatis mutandis pursuant to Article 16-4, paragraph (3) of the new Banking Act (including as applied mutatis mutandis pursuant to Article 17 of

the new Long-Term Credit Bank Act or Article 11 of the new Foreign Exchange Bank Act) apply mutatis mutandis to the shares or equity acquired or held by a bank, etc. in the case referred to in the preceding two paragraphs.

- (4) A bank, etc. that files a notification pursuant to the provisions of paragraph (1) or paragraph (2) is deemed to have obtained the authorization referred to in Article 16-4, paragraph (1) of the new Banking Act (including as applied mutatis mutandis pursuant to Article 17 of the new Long-Term Credit Bank Act or Article 11 of the new Foreign Exchange Bank Act; the same applies in the following paragraph) on the effective date for acquiring or holding the shares or equity related to the notification.
- (5) An authorization that is granted, conditions that are attached to that authorization, approval that is granted in relation to that authorization, or an application that is filed for that authorization, before the effective date pursuant to the provisions of Article 9, paragraph (1) of the Banking Act before the amendment pursuant to the provisions of Article 1 (hereinafter referred to as the "former Banking Act") (including as applied mutatis mutandis pursuant to Article 17 or Article 3 of the Long-Term Credit Bank Act before the amendment pursuant to the provisions of Article 2 (hereinafter referred to as the "former Long-Term Credit Bank Act") or Article 11 of the Foreign Exchange Bank Act before the amendment), or pursuant to Article 9, paragraph (2) of the former Banking Act (including as applied mutatis mutandis pursuant to Article 17 of the former Long-Term Credit Bank Act or Article 11 of the former Foreign Exchange Bank Act)) is deemed to be an authorization that is granted, conditions that are attached to that authorization, approval that is granted in relation to that authorization, or an application that is filed for that authorization pursuant to Article 16-4, paragraph (1) of the new Banking Act.

(Transitional Measures on Application of Penal Provisions)

Article 32 Prior laws continue to govern the applicability of penal provisions to acts which a person has committed before this Act comes into effect, as well as to acts which a person commits after this Act comes into effect related to the particulars for which prior laws are to continue to govern pursuant to these Supplementary Provisions.

(Delegation of Other Transitional Measures to Cabinet Order)

Article 33 Beyond what is provided for in Article 2 through the preceding Article of the Supplementary Provisions, Cabinet Order prescribes the transitional measures necessary for the enforcement of this Act.

### **Supplementary Provisions [Act No. 63 of June 14, 1993]**

This Act comes into effect as of the day on which the Act Partially Amending the Commercial Code, etc. comes into effect.

**Supplementary Provisions [Act No. 94 of June 21, 1996 Extract] [Extract]**

(Effective Date)

Article 1 This Act comes into effect as of April 1, 1997; provided, however, that the provisions of paragraph (1) and paragraph (2) of the following Article, Article 3, paragraphs (9) and (10), Article 9, paragraphs (7) and (8), Article 10, paragraphs (2) and (3), and Article 11 of the Supplementary Provisions come into effect as of the date of its promulgation.

(Transitional Measures upon Partial Amendment of the Banking Act)

Article 2 (1) A bank, long-term credit bank, or foreign exchange bank may obtain the authorization by the Minister of Finance even before the effective date, as governed by the provisions of Article 17-2, paragraph (1) of the Banking Act after the amendment pursuant to the provisions of Article 1 (hereinafter referred to as the "new Banking Act") (including as applied mutatis mutandis pursuant to Article 11 of the Foreign Exchange Bank Act (hereinafter referred to as the "new Foreign Exchange Bank Act" in this Article) amended pursuant to the provisions of Article 17 or Article 3 of the Long-Term Credit Bank Act after the amendment pursuant to the provisions of Article 2 (hereinafter referred to as the "new Long-Term Credit Bank Act" in this Article)).

(2) A person that obtains the authorization by the Minister of Finance referred to in the preceding paragraph is deemed to have obtained the authorization referred to in Article 17-2, paragraph (1) of the new Banking Act (including as applied mutatis mutandis pursuant to Article 17 of the new Long-Term Credit Bank Act or Article 11 of the new Foreign Exchange Bank Act) on the date on which this Act comes into effect.

(3) The provisions of Article 26, paragraph (2) of the new Banking Act (including as applied mutatis mutandis pursuant to Article 17 of the new Long-Term Credit Bank Act, Article 11 of the new Foreign Exchange Bank Act, Article 89 of the Shinkin Bank Act after its amendment pursuant to the provisions of Article 4 (hereinafter referred to as the "new Shinkin Bank Act"), Article 94 of the Labor Bank Act after its amendment pursuant to the provisions of Article 5 (hereinafter referred to as the new Labor Bank Act), and the provisions of the Act on Financial Businesses by Cooperative after the amendment pursuant to the provisions of Article 7 (hereinafter referred to as the "new Act on Financial Businesses by Cooperative")) apply when an order pursuant to the provisions of Article 26, paragraph (1) (including as applied mutatis mutandis pursuant to Article 17 of the new Long-Term Credit Bank Act, Article 11 of the new Foreign

Exchange Bank Act, Article 89 of the new Shinkin Bank Act, Article 94 of the new Labor Bank Act, and Article 6 of the new Act on Financial Businesses by Cooperative) (including a request for the submission of an improvement plan) is issued on or after April 1, 1998.

(Transitional Measures on Application of Penal Provisions)

Article 12 Prior laws continue to govern the applicability of penal provisions to acts which a person has committed before the amended provisions of this Act come into effect, as well as to acts which a person commits after the amended provisions of this Act come into effect related to the particulars for which prior laws are to continue to govern pursuant to these Supplementary Provisions.

(Delegation of Other Transitional Measures to Cabinet Order)

Article 13 Beyond what is provided for in Article 2 through the preceding Article of these Supplementary Provisions, Cabinet Order prescribes the transitional measures necessary for the enforcement of this Act.

#### **Supplementary Provisions [Act No. 55 of May 21, 1997 Extract] [Extract]**

(Effective Date)

Article 1 This Act comes into effect as of June 1, 1997.

#### **Supplementary Provisions [Act No. 72 of June 6, 1997]**

(Effective Date)

(1) This Act comes into effect as of the day on which the Act Partially Amending the Commercial Code, etc. (Act No. 71 of 1997) comes into effect.

(Transitional Measures)

(2) Prior laws continue to govern the merger under a merger contract that has been concluded before this Act comes into effect.

(Transitional Measures on the Application of Penal Provisions)

(3) Prior laws continue to govern the applicability of penal provisions to acts which a person has committed before this Act comes into effect, as well as to acts which a person commits after this Act comes into effect related to the particulars for which prior laws are to continue to govern pursuant to the provisions of the preceding paragraph.

#### **Supplementary Provisions [Act No. 102 of June 20, 1997 Extract] [Extract]**

(Effective Date)

Article 1 This Act comes into effect as of the day on which the Act for Establishment of the Financial Supervisory Agency (Act No. 101 of 1997) comes into effect.

(Transitional Measures on Dispositions Rendered by the Minister of Finance)

Article 2 (1) The granting of a license, permission, authorization, approval, designation or other dispositions, or the giving of notice or other actions undertaken by the Minister of Finance or other national agencies pursuant to the provisions of the Secured Bond Trust Act, Trust Business Act, Norinchukin Bank Act, Mutual Loan Business Act, Act on Simplifying Business Affairs of Banks, etc., Act on Engagement in Trust Business Activities by Financial Institutions, Act on Prohibition of Private Monopolization and Maintenance of Fair Trade, Agricultural Cooperatives Act, Securities and Exchange Act, Act on Non-Life Insurance Rating Organization of Japan, Fishery Cooperative Act, Small and Medium-Sized Enterprise Cooperatives Act, Act on Financial Businesses by Cooperative, Ship Owners' Mutual Insurance Union Act, Securities Investment Trust Act, Shinkin Bank Act, Long-Term Credit Bank Act, Loan Trust Act, Act on Loan Security for Small and Medium Sized Fishing Industry, Credit Guarantee Association Act, Labor Bank Act, Foreign Exchange Bank Act, Automobile Liability Security Act, Agricultural Credit Guarantee Insurance Act, Act on Financial Institutions' Merger and Conversion, Act on Foreign Securities Business Entities, Deposit Insurance Act, Act on Promotion of Introduction of Industry into Agricultural Regions, Agricultural and Fishing Cooperatives Savings Insurance Act, Banking Act, Act on Regulation of Loan Business, Act on Regulation of Securities Investment Advisory Business, Act on Regulation of Mortgage Securities Business, Financial Futures Trading Act, Act on Regulation on Advanced Payment Certificate, Act to Regulate Commodity Investment, Act Concerning Special Provisions for the Narcotics and Psychotropics Control Act, etc. and Other Matters for the Prevention of Activities Encouraging Illicit Conducts and Other Activities Involving Controlled Substances through International Cooperation, Act on Regulation of Businesses Involving Specified Claims, Act on Preparation of Related Acts for Reform of Finance System and Security Exchange System, Act on Preferred Equity Investment by Cooperative Structured Financial Institution, Act on Specified Joint Real Estate Ventures, Insurance Business Act, Act on Special Measures for Corporate Reorganization Proceedings by Financial Institutions, Act on Merger between The Norinchukin Bank and Prefectural Credit Federation of Agricultural Cooperatives, Bank of Japan Act, or Act on Special Measures for Merger Proceedings of Banks for

Establishing Bank Holding Companies before the amendment by this Act (hereinafter referred to as the "former Secured Corporate Bonds Trust Act and other former Acts") is deemed to be the granting of a license, permission, authorization, approval, designation or other dispositions, or the giving of notice or other actions undertaken by the Prime Minister or other corresponding national agencies pursuant to the corresponding provisions of the Secured Bond Trust Act, Trust Business Act, Norinchukin Bank Act, Mutual Loan Business Act, Act on Simplifying Business Affairs of Banks, etc., Act on Engagement in Trust Business Activities by Financial Institutions, Act on Prohibition of Private Monopolization and Maintenance of Fair Trade, Agricultural Cooperatives Act, Securities and Exchange Act, Act on Non-Life Insurance Rating Organization of Japan, Fishery Cooperative Act, Small and Medium-Sized Enterprise Cooperatives Act, Act on Financial Businesses by Cooperative, Ship Owners' Mutual Insurance Union Act, Securities Investment Trust Act, Shinkin Bank Act, Long-Term Credit Bank Act, Loan Trust Act; Act on Loan Security for Small and Medium Sized Fishing Industry, Credit Guarantee Association Act, Labor Bank Act, Foreign Exchange Bank Act, Automobile Liability Security Act, Agricultural Credit Guarantee Insurance Act, Act on Financial Institutions' Merger and Conversion, Act on Foreign Securities Business Entities, Deposit Insurance Act, Act on Promotion of Introduction of Industry into Agricultural Regions, Agricultural and Fishing Cooperatives Savings Insurance Act, Banking Act, Act on Regulation of Loan Business, Act on Regulation of Securities Investment Advisory Business, Act on Regulation of Mortgage Securities Business, Financial Futures Trading Act, Act on Regulation of Advanced Payment Certificate, Act to Regulate Commodity Investment, Act Concerning Special Provisions for the Narcotics and Psychotropics Control Act, etc. and Other Matters for the Prevention of Activities Encouraging Illicit Conducts and Other Activities Involving Controlled Substances through International Cooperation, Act on Regulation of Businesses Involving Specified Claims, Act on Preparation of Related Acts for Reform of Finance System and Security Exchange System, Act on Preferred Equity Investment by Cooperative Structured Financial Institution, Act on Specified Joint Real Estate Ventures, Insurance Business Act, Act on Special Measures for Corporate Reorganization Proceedings by Financial Institutions, Act on Merger between The Norinchukin Bank and Prefectural Credit Federation of Agricultural Cooperatives; Bank of Japan Act, or Act on Special Measures for Merger Proceedings of Banks for Establishing Bank Holding Companies after the amendment by this Act (hereinafter referred to as the "new Secured Bond Trust Act and other new Acts").

- (2) The filing of an application or notification, or other actions already undertaken with the Minister of Finance or other national agencies pursuant

to the provisions of the former Secured Bond Trust Act and other former Acts at the time this Act comes into effect, are deemed to be the filing of an application or notification, or other actions undertaken with the Prime Minister or corresponding national agencies pursuant to the corresponding provisions of the new Secured Bonds Trust Act and other new Acts.

- (3) A particular that requires reporting, notification, submission, or other procedures with the Minister of Finance or other national agencies pursuant to the provisions of the former Secured Bond Trust Act and other former Acts, for which the procedure has not been taken before the day on which this Act comes into effect, is deemed to be a particular that reporting, notification, submission, or other procedures with the Prime Minister or corresponding national agencies pursuant to the corresponding provisions of the new Secured Bond Trust Act and other new Acts, for which the procedure has not been taken, and the provisions of the new Secured Bond Trust Act and other new Acts apply.

(Transitional Measures on Penal Provisions)

Article 5 Prior laws continue to govern the applicability of penal provisions to acts which a person has committed before this Act comes into effect.

(Delegation to Cabinet Order)

Article 6 Beyond what is set forth in Article 2 through the preceding Article of these Supplementary Provisions, Cabinet Order prescribes the transitional measures necessary for the enforcement of this Act.

**Supplementary Provisions [Act No. 117 of December 10, 1997 Extract]  
[Extract]**

(Effective Date)

Article 1 This Act comes into effect as of the day after the last day of the 20-day period that starts to run on the date of its promulgation.

**Supplementary Provisions [Act No. 120 of December 12, 1997 Extract]  
[Extract]**

(Effective Date)

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

(Review)

Article 10 Once five years have passed after this Act comes into effect, the government is to take into account the implementation status of the Banking

Act after the amendment pursuant to the provisions of Article 1 (hereinafter referred to as the "new Banking Act"), the Long-Term Credit Bank Act after the amendment pursuant to the provisions of Article 2 (hereinafter referred to as the "new Long-Term Credit Bank Act"), and the Insurance Business Act after the amendment pursuant to the provisions of Article 4 (hereinafter referred to as the "new Insurance Business Act") and the changes in the social and economic conditions surrounding banking and insurance business, review the systems related to bank holding companies prescribed in Article 2, paragraph (13) of the new Banking Act, long-term credit bank holding companies prescribed in Article 16-4, paragraph (1) of the new Long-Term Credit Bank Act, and insurance holding companies prescribed in Article 2, paragraph (16) of the new Insurance Business Act, and is to take the required measures based on the results of the review if it finds this to be necessary.

**Supplementary Provisions [Act No. 121 of December 12, 1997 Extract]  
[Extract]**

(Effective Date)

Article 1 This Act comes into effect as of the day on which the Act on Preparation of Relevant Financial Acts Accompanying Cancellation of Prohibition of Establishment of Holding Companies and Other Matters (Act No. 120 of 1997) comes into effect.

**Supplementary Provisions [Act No. 106 of June 15, 1998]**

This Act comes into effect as of the day on which the Act on the Securitization of Specified Assets by Special Purpose Companies (Act No. 105 of 1998) comes into effect (September 1, 1998); provided, however, that the provisions of Article 17 that amend Article 5 of the Supplementary Provisions of the Local Tax Act come into effect as of April 1, 1999.

**Supplementary Provisions [Act No. 107 of June 15, 1998 Extract]  
[Extract]**

(Effective Date)

Article 1 This Act comes into effect as of December 1, 1998; provided, however, that the provisions set forth in the following items come into effect as of the day specified in each of those items:

- (i) the provisions of Article 1 that amend the Securities and Exchange Act by adding a new Chapter after Chapter IV (limited to the part related to Article 79-29, paragraph (1)) and that amend Article 189, paragraphs (2) and (4) of

that Act, the provisions of Article 21; the provisions of Article 22 that amend Part II, Chapter X, Section 2, Subsection 1 of the Insurance Business Act (limited to the part related to Article 265-6); the provisions of Article 23 and Article 25 of that Act; the provisions of Article 40, Article 42, Article 58, Article 136, Article 140, Article 143, Article 147, Article 149, Article 158, Article 164, Article 187 (excluding the provisions that amend Article 4, item (lxxix) of the Act for Establishment of the Ministry of Finance (Act No. 144 of 1949)) and Articles 188 through 190 of the Supplementary Provisions: July 1, 1998;

(Transitional Measures upon Partial Amendment of the Banking Act and Other Acts)

Article 102 (1) Until the last day of the one-year period that begins on the effective date, the provisions of Article 13, paragraph (1) of the Banking Act after the amendment pursuant to the provisions of Article 10 (hereinafter referred to as the "new Banking Act") (including as applied mutatis mutandis pursuant to Article 17 of the Long-Term Credit Bank Act after the amendment pursuant to the provisions of Article 11 (hereinafter referred to as the "new Long-Term Credit Bank Act"), Article 89 of the Shinkin Bank Act after the amendment pursuant to the provisions of Article 13 (hereinafter referred to as the "new Shinkin Bank Act"), Article 94 of the Labor Bank Act after the amendment pursuant to the provisions of Article 14 (hereinafter referred to as the "new Labor Bank Act"), and Article 6 of the Act on Financial Businesses by Cooperative after its amendment pursuant to the provisions of Article 16 (hereinafter referred to as the "new Act on Financial Services by Cooperative") (hereinafter referred to as the "in the case as applied mutatis mutandis pursuant to Article 17, etc. of the new Long-Term Credit Bank Act" in this Article through Article 105 of these Supplementary Provisions); hereinafter the same applies in this paragraph and the following paragraph) do not apply to the grant of credit or making of contribution (meaning the grant of credit or making of contribution prescribed in Article 13, paragraph (1) of the new Banking Act; hereinafter the same applies in this paragraph and the following paragraph) by a bank (meaning a bank as defined in Article 2, paragraph (1) of the new Banking Act; the same applies hereinafter), long-term credit bank (meaning a long-term credit bank as defined in Article 2 of the new Long-Term Credit Bank Act; the same applies hereinafter), Shinkin bank or federation of Shinkin banks, labor bank or federation of labor banks, or credit cooperative or federation of credit cooperatives (meaning federation of credit cooperatives as defined in Article 2, paragraph (1) of the new Act on Financial Services by Cooperatives; the same applies hereinafter) (hereinafter referred to as a "bank, etc." in this Article through Article 105 of these Supplementary Provisions) to a

single person specified in Article 13, paragraph (1) of the new Banking Act, in an amount that exceeds the limit on credit and contribution (meaning the limit on credit and contribution prescribed in Article 13, paragraph (1) of the new Banking Act; hereinafter the same applies in this paragraph) by the time when this Act comes into effect, if the bank, etc. files a notification to that effect with the Financial Reconstruction Commission (or with the Financial Reconstruction Commission and the Minister of Labor, if it is a labor bank or federation of labor banks; or with the administrative authority referred to in Article 7, paragraph (1) of the new Act on Financial Services by Cooperative, if it is a credit cooperative or federation of credit cooperatives; hereinafter the same applies in this paragraph and the following paragraph) by the last day of the three-month period that begins on the effective date. In such a case, if it is likely that it would significantly hinder that one person from continuing business if the bank, etc. does not continue to grant credit or make contribution to the person in excess of the limit on credit and contribution after the last day of the one-year period that begins on the effective date, or there are other compelling reasons, and the bank, etc. obtains the approval of the Financial Reconstruction Commission before that day, the bank, etc. is deemed to have obtained the approval prescribed in the proviso to Article 13, paragraph (1) of the new Banking Act on the day after that day.

- (2) Until the last day of the one-year period that begins on the effective date, the provisions of Article 13, paragraph (2) of the new Banking Act (including as applied *mutatis mutandis* pursuant to Article 17, etc. of the new Long-Term Credit Bank Act; hereinafter the same applies in this paragraph) do not apply to the grant of credit and making of contribution by a bank, etc. and its subsidiary companies, etc. (meaning subsidiary companies, etc. as provided for in Article 13, paragraph (2) of the new Banking Act; hereinafter the same applies in this paragraph) or by its subsidiary companies, etc., to a single person specified in Article 13, paragraph (1) of the new Banking Act, in a total amount that exceeds the consolidated limit on credit and contribution (meaning the consolidated limit on credit and contribution prescribed in Article 13, paragraph (2) of the new Banking Act; hereinafter the same applies in this paragraph) at the time this Act comes into effect, if the bank, etc. files a notification to that effect with the Financial Reconstruction Commission by the last day of the three-month period that begins on the effective date. In such a case, if it is likely that it would significantly hinder that person from continuing business if the bank, etc. and its subsidiary companies, etc. or the bank's subsidiary companies, etc. do not continue to grant credit or make contribution to the person in a total amount that exceeds the consolidated limit on credit and contribution after the last day of the one-year period that begins on the effective date, or there are other compelling reasons, and the bank, etc.

obtains the approval of the Financial Reconstruction Commission before that day, the bank, etc. is deemed to have obtained the approval referred to in the proviso to Article 13, paragraph (1) of the new Banking Act as applied mutatis mutandis pursuant to the second sentence of Article 13, paragraph (2) of that Act on the day after that day.

- (3) Until the last day of the one-year period that begins on the effective date, the provisions of Article 52-6, paragraph (1) of the new Banking Act (including as applied mutatis mutandis pursuant to Article 17 of the new Long-Term Credit Bank Act; hereinafter the same applies in this paragraph) do not apply to the grant of credit or making of contribution (meaning the grant of credit or making of contribution prescribed in Article 52-6, paragraph (1) of the new Banking Act; hereinafter the same applies in this paragraph) by a bank holding company as defined in Article 2, paragraph (11) of the new Banking Act (hereinafter referred to as a "bank holding company" in this paragraph) and its subsidiary companies, etc. (meaning subsidiary companies, etc. prescribed in Article 52-6, paragraph (1) of the new Banking Act; hereinafter the same applies in this paragraph), or by a long-term credit bank holding company prescribed in Article 16-4, paragraph (1) of the new Long-Term Credit Bank Act (hereinafter referred to as a "long-term credit bank holding company" in this paragraph) and its subsidiary companies, etc., to a single person specified in Article 52-6, paragraph (1) of the new Banking Act, in a total amount that exceeds the limit on credit and contribution by a bank holding company (meaning the limit on credit and contribution by a bank holding company prescribed in Article 52-6, paragraph (1) of the new Banking Act; hereinafter the same applies in this paragraph) at the time this Act comes into effect, if the bank holding company or the long-term credit bank holding company (hereinafter referred to as a "bank holding company, etc." in this paragraph and Article 105 of these Supplementary Provisions) files a notification to that effect with the Financial Reconstruction Commission by the last day of the three-month period that begins on the effective date. In such a case, if it is likely that it would significantly hinder that person from continuing business if the bank holding company and its subsidiary companies, etc. or the long-term credit bank holding company and its subsidiary companies, etc. do not continue to grant credit or make contribution to the person in a total amount that exceeds the limit on credit and contribution by a bank holding company after the last day of the one-year period that begins on the effective date, or there are other compelling reasons, and the bank holding company, etc. obtains the approval of the Prime Minister before that day, the bank holding company, etc. is deemed to have obtained the approval referred to in the proviso to Article 52-6, paragraph (1) of the new Banking Act on the day after that day.

Article 103 The provisions of Article 13-2 of the new Banking Act (including as applied mutatis mutandis pursuant to Article 17, etc. of the new Long-Term Credit Bank Act) apply to a transaction or action performed by a bank, etc. on or after the effective date, and prior laws continue to govern the transaction or action performed by a bank, etc. before the effective date.

Article 104 (1) The provisions of Article 16-2, paragraph (1) of the new Banking Act do not apply until the last day of the one-year period that begins on the effective date to a company that is not a company eligible to be a subsidiary company prescribed in those provisions but that is the subsidiary company (meaning a subsidiary company as defined in Article 2, paragraph (8) of the new Banking Act; hereinafter the same applies in this Article) of a bank at the time this Act comes into effect, if the bank files a notification to that effect with the Financial Reconstruction Commission by the last day of the three-month period that begins on the effective date.

(2) When the company which is not a company eligible to be a subsidiary company related to the notification referred to in the preceding paragraph ceases to be the subsidiary company of the bank referred to in the that paragraph, the bank must file a notification to that effect with the Financial Reconstruction Commission without delay.

(3) Until the date specified by Cabinet Order which is no later than March 31, 2001, the term "an insurance company as provided in" in Article 16-2, paragraph (1), item (iv) of the new Banking Act is deemed to be replaced with "a bankrupt insurance company as provided in Article 260, paragraph (2) of the Insurance Business Act, out of an insurance company as provided in".

(4) An authorization provided for in Article 16-2, paragraph (1) or Article 16-3, paragraph (1) (including as applied mutatis mutandis pursuant to Article 16-3, paragraph (2)) of the Banking Act before its amendment pursuant to the provisions of Article 10 (hereinafter referred to as the "former Banking Act") (including an approval related to that authorization referred to in the proviso to Article 55, paragraph (1) of the former Banking Act) that the Prime Minister has granted before the effective date pursuant to those provisions, the conditions that the Prime Minister has attached to the authorization before the effective date, and the application for the authorization filed based on those provisions before the effective date is deemed to be an authorization provided for in Article 16-2, paragraph (4) (including as applied mutatis mutandis pursuant to Article 16-2, paragraph (6) of the new Banking Act; hereinafter the same applies in this paragraph) of the new Banking Act (including an approval related to that authorization referred to in the proviso to Article 55, paragraph (1) of the new Banking Act) that the Prime Minister has granted pursuant to

those provisions, the conditions that the Prime Minister has attached to the authorization pursuant to those provisions of the new Banking Act, and the application for the authorization filed based on those provisions of the new Banking Act.

- (5) If a bank has a bank, etc. eligible to be a subsidiary company provided for in Article 16-2, paragraph (4) of the new Banking Act as its subsidiary company (excluding a company in which the bank holds shares or equity interest by obtaining the authorization referred to in Article 16-2, paragraph (1) or Article 16-3, paragraph (1) of the former Banking Act; the same applies in the following paragraph) at the time this Act comes into effect, the bank must file a notification to that effect with the Prime Minister, by the last day of the three-month period that begins on the effective date.
- (6) A bank that has filed a notification under the provisions of the preceding paragraph is deemed to have obtained the authorization referred to in the provisions of Article 16-2, paragraph (4) of the new Banking Act to have the bank, etc. eligible to be a subsidiary company related to the notification as its subsidiary company on the effective date.
- (7) The provisions of Article 16-3, paragraph (1) of the new Banking Act do not apply until the last day of the one-year period that begins on the effective date to the holding of shares or equity (meaning shares or equity as defined in Article 2, paragraph (7) of the new Banking Act; hereinafter the same applies in this paragraph) in a domestic company (meaning a domestic company prescribed in Article 16-3, paragraph (1) of the new Banking Act; hereinafter the same applies in this paragraph) by a bank or its subsidiary companies in a number that exceeds the maximum number of shares or equity when they are combined (meaning the maximum number of shares or equity prescribed in Article 16-3, paragraph (1) of the new Banking Act; hereinafter the same applies in this paragraph) at the time this Act comes into effect, if the bank files a notification to that effect with the Financial Reconstruction Commission by the last day in the three-month period that begins on the effective date. In such a case, the bank or the subsidiary companies are deemed to acquire shares or equity in the domestic company in excess of the maximum number of shares or equity when they are combined on the last day of the one-year period that begins on the effective date due to grounds provided for in the main clause of Article 16-3, paragraph (2) of the new Banking Act, and the provisions of Article 16-3 of the new Banking Act apply to their holding of shares or equity in the domestic company after that day.

Article 105 (1) The provisions of Article 19, paragraphs (2) and (3) (excluding the part that concerns the interim business report prescribed in Article 19, paragraph (2) of the new Banking Act) of the new Banking Act (including as

applied mutatis mutandis pursuant to Article 17, etc. of the new Long-Term Credit Bank Act) and Article 21, paragraphs (1) through (3) (including as applied mutatis mutandis pursuant to Article 17, etc. of the new Long-Term Credit Bank Act), the provisions of Article 20, paragraph (2) and Article 52-11 (excluding the part that concerns the interim business report prescribed in Article 52-11, paragraph (1) of the new Banking Act) of the new Banking Act (including as applied mutatis mutandis pursuant to Article 17 of the new Long-Term Credit Bank Act) and the provisions of Article 52-12 and Article 52-13, paragraphs (1) and (2) of the new Banking Act (including as applied mutatis mutandis pursuant to Article 17 of the new Long-Term Credit Bank Act) apply to the document provided for in those provisions for the business year of a bank, etc. or bank holding company, etc. which starts on or after April 1, 1998, and prior laws continue to govern the balance sheet or other documents of a bank, etc. or bank holding company, etc. for the business year that starts before that date.

- (2) The provisions of Article 19, paragraphs (2) and (3) (limited to the part that concerns the interim business report prescribed in Article 19, paragraph (2) of the new Banking Act) of the new Banking Act (including as applied mutatis mutandis pursuant to Article 17 of the new Long-Term Credit Bank Act) and Article 52-11 (limited to the part that concerns the interim business report prescribed in Article 52-11, paragraph (1) of the new Banking Act) of the new Banking Act (including as applied mutatis mutandis pursuant to Article 17 of the new Long-Term Credit Bank Act) apply to the interim business report of a bank, long-term credit bank, or bank holding company, etc. for the business year that starts on or after April 1, 1999; and prior laws continue to govern the interim business report of a bank holding company, etc. for the business year that starts before that date.

(Delegation of Authority)

Article 147 (1) The Prime Minister delegates the authority under the provisions of these Supplementary Provisions (excluding the authority specified by Cabinet Order) to the Commissioner of the Financial Services Agency.

- (2) A part of the authority delegated to the Commissioner of the Financial Services Agency pursuant to the provisions of the preceding paragraph and a part of the authority of the Minister of Agriculture, Forestry and Fisheries and the Minister of Health, Labour and Welfare under the provisions of these Supplementary Provisions may be delegated to the Directors-General of Local Finance Bureaus or Local Finance Branch Bureaus (or to the heads of local branch offices, in the case of the authority of the Minister of Agriculture, Forestry and Fisheries and the Minister of Health, Labour and Welfare), pursuant to the provisions of Cabinet Order.

(Effect of Dispositions)

Article 188 Unless otherwise provided for in these Supplementary Provisions, a disposition, procedure, or other actions undertaken pursuant to the provisions of each relevant law prior to the amendment (including an order based on those laws; hereinafter the same applies in this Article) before this Act comes into effect (for the provisions set forth in the items of Article 1 of the Supplementary Provisions, before those provisions come into effect), for which corresponding provisions exist in the relevant amended laws, is deemed to be a disposition, procedure, or other actions undertaken pursuant to the corresponding provisions of the relevant amended laws.

(Transitional Measures on Application of Penal Provisions)

Article 189 Prior laws continue to govern the applicability of penal provisions to acts which a person has committed before this Act comes into effect (for the provisions set forth in the items of Article 1 of the Supplementary Provisions, before those provisions come into effect; hereinafter the same applies in this Article), to acts which a person commits after this Act comes into effect when prior laws are to continue to govern pursuant to these Supplementary Provisions, and to acts which a person commits after this Act comes into effect when prior laws are to remain in force pursuant to these Supplementary Provisions.

(Delegation of Other Transitional Measures to Cabinet Order)

Article 190 Beyond what is provided for in Articles 2 through 146, Article 153, Article 169, and the preceding Article of the Supplementary Provisions, Cabinet Order prescribes the transitional measures necessary for the enforcement of this Act.

(Review)

Article 191 (1) If the government finds it to be necessary in light of the implementation status of the systems related to special measures for protecting policyholders pursuant to the provisions of the new Insurance Business Act and the soundness of management of insurance companies, it is to take the measures necessary for maintaining the trustworthiness of insurance business even after this Act comes into effect.

(2) Beyond what is provided for in the preceding paragraph, within five years after this Act comes into effect, the government is to take into account the implementation status of the provisions amended by this Act and the changes in the social and economic conditions surrounding the financial system, review the financial system after the amendment by this Act, and is to take the

required measures based on the results of the review if it finds this to be necessary.

### **Supplementary Provisions [Act No. 131 of October 16, 1998]**

(Effective Date)

Article 1 This Act comes into effect as of the day on which the Act for Establishment of the Financial Reconstruction Commission (Act No. 130 of 1998) comes into effect.

(Transitional Measures)

Article 2 (1) The granting of a license, permission, authorization, approval, or designation or other dispositions, or the giving of notice or other actions undertaken by the Minister of Finance or other national agencies pursuant to the provisions of the Secured Bond Trust Act, Trust Business Act, Norinchukin Bank Act, Mutual Loan Business Act, Act on Simplifying Business Affairs of Banks, etc., Act on Engagement in Trust Business Activities by Financial Institutions, Act on Prohibition of Private Monopolization and Maintenance of Fair Trade, Agricultural Cooperatives Act, Securities and Exchange Act, Act on Non-Life Insurance Rating Organization of Japan, Fishery Cooperative Act, Small and Medium-Sized Enterprise Cooperatives Act, Act on Financial Businesses by Cooperative, Ship Owners' Mutual Insurance Union Act, Local Tax Act, Act on Investment Trusts and Investment Corporations, Shinkin Bank Act, Long-Term Credit Bank Act, Loan Trust Act, Loan Security for Small and Medium Sized Fishing Industry, Credit Guarantee Association Act, Labor Bank Act, Automobile Liability Security Act, Agricultural Credit Guarantee Insurance Act, Act on Earthquake Insurance, Registration and License Tax Act, Act on Financial Institutions' Merger and Conversion, Act on Foreign Securities Business Entities, Act on Promotion of Introduction of Industry into Agricultural Regions, Agricultural and Fishing Cooperatives Savings Insurance Act, Banking Act, Act on Regulation of Loan Business, Act on Regulation of Securities Investment Advisory Business, Act on Regulation of Mortgage Securities Business, Financial Futures Trading Act, Act on Regulation on Advanced Payment Certificates, Act to Regulate Commodity Investment, Act Concerning Special Provisions for the Narcotics and Psychotropics Control Act, etc. and Other Matters for the Prevention of Activities Encouraging Illicit Conducts and Other Activities Involving Controlled Substances through International Cooperation, Act on Regulation of Businesses Involving Specified Claims, Act on Preparation of Related Acts for Reform of Finance System and Security Exchange System, Act on Preferred Equity Investment by Cooperative Structured Financial Institution, Act on Specified Joint Real Estate Ventures,

Insurance Business Act, Act on Special Measures for Corporate Reorganization Proceedings by Financial Institutions, Act on Merger between The Norinchukin Bank and Prefectural Credit Federation of Agricultural Cooperatives, Bank of Japan Act, Act on Special Measures for Merger Proceedings of Banks for Establishing Bank Holding Companies, Act on the Securitization of Specified Assets by Special Purpose Companies, or Act for Aligning Acts Related to Financial System Reforms before the amendment by this Act (hereinafter referred to as the "former Secured Bond Trust Act and other former Acts") is deemed to be the granting of a license, permission, authorization, approval, designation or other dispositions, or the giving of notice or other actions undertaken by the Financial Reconstruction Commission or other corresponding national agencies pursuant to the corresponding provisions of the Secured Bond Trust Act, Trust Business Act, Norinchukin Bank Act, Mutual Loan Business Act, Act on Simplifying Business Affairs of Banks, etc., Act on Engagement in Trust Business Activities by Financial Institutions, Act on Prohibition of Private Monopolization and Maintenance of Fair Trade, Agricultural Cooperatives Act, Securities and Exchange Act, Act on the Non-Life Insurance Rating Organization of Japan, Fishery Cooperative Act, Small and Medium-Sized Enterprise Cooperatives Act, Act on Financial Businesses by Cooperative, Ship Owners' Mutual Insurance Union Act, Local Tax Act, Act on Investment Trusts and Investment Corporations, Shinkin Bank Act, Long-Term Credit Bank Act, Loan Trust Act, Act on Loan Security for Small and Medium Sized Fishing Industry, Credit Guarantee Association Act, Labor Bank Act, Automobile Liability Security Act, Agricultural Credit Guarantee Insurance Act, Act on Earthquake Insurance, Registration and License Tax Act, Act on Financial Institutions' Merger and Conversion, Act on Foreign Securities Business Entities, Act on Promotion of Introduction of Industry into Agricultural Regions, Agricultural and Fishing Cooperatives Savings Insurance Act, Banking Act, Act on Regulation of Loan Business, Act on Regulation of Securities Investment Advisory Business, Act on Regulation of Mortgage Securities Business, Financial Futures Trading Act, Act on Regulation on Advanced Payment Certificate, Act to Regulate Commodity Investment, Act Concerning Special Provisions for the Narcotics and Psychotropics Control Act, etc. and Other Matters for the Prevention of Activities Encouraging Illicit Conducts and Other Activities Involving Controlled Substances through International Cooperation, Act on Regulation of Businesses Involving Specified Claims, Act on Preparation of Related Acts for Reform of Finance System and Security Exchange System, Act on Preferred Equity Investment by Cooperative Structured Financial Institution, Act on Specified Joint Real Estate Ventures, Insurance Business Act, Act on Special Measures for Corporate Reorganization Proceedings by Financial Institutions, Act on Merger between The Norinchukin

Bank and Prefectural Credit Federation of Agricultural Cooperatives, Bank of Japan Act, Act on Special Measures for Merger Proceedings of Banks for Establishing Bank Holding Companies, Act on the Securitization of Specified Assets by Special Purpose Companies, or Act for Aligning Acts Related to Financial System Reforms after the amendment by this Act (hereinafter referred to as the "new Secured Bond Trust Act and other new Acts").

- (2) The filing of an application or notification, or other actions already undertaken with the Prime Minister or other national agencies pursuant to the provisions of the former Secured Bond Trust Act and other former Acts at the time this Act comes into effect is deemed to be the filing of an application or notification, or other actions undertaken with the Financial Reconstruction Commission or other corresponding national agencies pursuant to the corresponding provisions of the new Secured Bond Trust Act and other new Acts.
- (3) A particular requiring reporting, notification, submission, or other procedures to the Prime Minister or other national agencies pursuant to the provisions of the former Secured Bond Trust Act and other former Acts for which the procedure has not been taken before the day on which this Act comes into effect, is deemed to be a particular requiring reporting, notification, submission, or other procedures to the Financial Reconstruction Commission or other corresponding national agencies pursuant to the corresponding provisions of the new Secured Bond Trust Act and other new Acts for which the procedure has not been taken, and the relevant provisions of the new Secured Bond Trust Act and other new Acts apply.

Article 3 An order based on the provisions of the former Secured Bond Trust Act and other former Acts which is in force at the time this Act comes into effect remains in force as an order based on the corresponding provisions of the new Secured Bond Trust Act and other new Acts.

Article 4 Prior laws continue to govern the applicability of penal provisions to acts which a person has committed before this Act comes into effect.

(Delegation to Cabinet Order)

Article 5 Beyond what is provided for in the preceding three Articles, Cabinet Order prescribes the transitional measures necessary for the enforcement of this Act.

**Supplementary Provisions [Act No. 125 of August 13, 1999 Extract]  
[Extract]**

(Effective Date)

Article 1 This Act comes into effect as of the date specified by Cabinet Order, within a period not exceeding six months after the date of its promulgation; provided, however, that the provisions of Article 1 that amend Article 285-4, Article 285-5, paragraph (2), Article 285-6, paragraphs (2) and (3), Article 290, paragraph (1), and Article 293-5, paragraph (3) of the Commercial Code, the provisions of Article 6 of the Supplementary Provisions that amend Article 23, paragraph (3), and Article 24, paragraph (1) of the Norinchukin Bank Act (Act No. 42 of 1923), the provisions of Article 7 of the Supplementary Provisions that amend Article 39-3, paragraph (3) and Article 40-2, paragraph (1) of the Shoko Chukin Bank Act (Act No. 14 of 1936), the provisions of Article 9 of the Supplementary Provisions that amend Article 52, paragraph (1) of the Agricultural Cooperatives Act (Act No. 132 of 1947), the provisions of Article 10 of the Supplementary Provisions that amend Article 53, paragraph (3) of the Securities and Exchange Act (Act No. 25 of 1948) and delete Article 53, paragraph (4) of that Act, the provisions of Article 11 of the Supplementary Provisions that amend Article 56, paragraph (1) of the Fisheries Cooperative Act (Act No. 242 of 1948), the provisions of Article 12 of the Supplementary Provisions that add a new Article after Article 5-5 of the Act on Financial Businesses by Cooperative (Act No. 183 of 1949) and amend Article 12, paragraph (1) of that Act, the provisions of Article 13 of the Supplementary Provisions that amend Article 42, paragraph (1) of the Ship Owners' Mutual Insurance Union Act (Act No. 177 of 1950), the provisions of Article 16 of the Supplementary Provisions that amend Articles 55-3, paragraph (3) and Article 57, paragraph (1) of the Shinkin Bank Act (Act No. 238 of 1951), the provisions of Article 18 of the Supplementary Provisions that amend Article 61, paragraph (1) of the Labor Bank Act (Act No. 227 of 1953), the provisions of Article 23 of the Supplementary Provisions that amend Article 17-2, paragraph (3) of the Banking Act (Act No. 59 of 1981) and delete Article 17-2, paragraph (4) of that Act, the provisions of Article 26 of the Supplementary Provisions, the provisions of Article 27 of the Supplementary Provisions that adding a new paragraph to Article 15 of the Insurance Business Act (Act No. 105 of 1995), the provisions that amend Article 55, paragraphs (1) and (2), Article 112, paragraph (1), and Article 112-2, paragraph (3) of that Act, the provisions that delete Article 112-2, paragraph (4) of that Act, the provisions that amend Articles 115, paragraph (2), Article 118, paragraph (1), Article 119, and Article 199 of that Act, and delete Article 59, paragraph (2) and Article 90, paragraph (2) of the Supplementary Provisions of that Act, the provisions of Article 29 of the Supplementary Provisions that amend Article 7, paragraph (2) of the Act on Special Measures Under the Commercial Code Concerning Procedures for Canceling Shares (Act No. 55 of 1997), and the provisions of Article 31 of the

Supplementary Provisions that amend Article 101, paragraph (1) and Article 102, paragraph (3) of the Act on the Securitization of Specified Assets by Special Purpose Companies (Act No. 105 of 1998) come into effect as of April 1, 2000.

(Transitional Measures on Audit Reports)

Article 2 Prior laws continue to govern the particulars to be stated in an audit report that should be prepared for a business year that has ended before this Act comes into effect. The same applies to the particulars to be stated in an audit report that should be prepared by the Norinchukin Bank, an agricultural cooperative and the federation of agricultural cooperatives, a fishery cooperative, the federation of fishery cooperatives, a fishery processing cooperative and the federation of fishery processing cooperatives, a credit cooperative and the federation of credit cooperatives (meaning the federation of credit cooperatives that conducts the business set forth in Article 9-9, paragraph (1), item (i) of the Small and Medium-Sized Enterprise Cooperatives Act (Act No. 181 of 1949); the same applies in the following Article), a Shinkin bank and the federation of Shinkin banks, a labor bank and the federation of labor banks, and a mutual company (meaning a mutual company as defined in Article 2, paragraph (5) of the Insurance Business Act; the same applies in the following Article) for a business year that has ended before this Act comes into effect.

(Transitional Measures on Assessment of Monetary Claims)

Article 3 Prior laws continue to govern the assessment of monetary claims, corporate bonds, and other bond certificates, as well as shares and other equity interest acquired through a contribution (hereinafter referred to as the "assessment of monetary claims, etc." in this Article) in the accounting period during a business year that started before the amended provisions set forth in the proviso to Article 1 of these Supplementary Provisions come into effect. The same applies to the assessment of monetary claims, etc. set forth in the following items:

(i) the assessment of monetary claims, etc. of The Norinchukin Bank, the Shoko Chukin Bank, an agricultural cooperative and federation of agricultural cooperatives, a fishery cooperative, the federation of fishery cooperatives, a fishery processing cooperative and the federation of fishery processing cooperatives, a credit cooperative and the federation of credit cooperatives, a ship owner's mutual insurance association, a Shinkin bank and the federation of Shinkin banks, and a labor bank and the federation of labor banks, at the end of a business year that started before the amended provisions set forth in the proviso to Article 1 of the Supplementary

- Provisions come into effect;
- (ii) the assessment of monetary claims, etc. of a securities investment corporation (meaning a securities investment corporation as defined in Article 2, paragraph (11) of the Act on Securities Investment Trusts and Securities Investment Corporations (Act No. 198 of 1951)) in the accounting period during a business period (meaning a business period prescribed in Article 133, paragraph (2) of that Act) that started before the amended provisions set forth in the proviso to Article 1 of the Supplementary Provisions come into effect; and
  - (iii) the assessment of monetary claims, etc. of a mutual company in the accounting period during a business year that started before the amended provisions set forth in the proviso to Article 1 of the Supplementary Provisions come into effect.

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

(Effective Date)

Article 1 This Act (excluding Articles 2 and 3) comes into effect as of January 6, 2001; provided, however, that the provisions set forth in the following items come into effect as of the day specified in each of those items:

- (i) the provisions of Chapter III (excluding Articles 3) and the following Article: July 1, 2000;

**Supplementary Provisions [Act No. 225 of December 22, 1999 Extract]  
[Extract]**

(Effective Date)

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

(Transitional Measures upon Partial Amendment of the Civil Code)

Article 25 If a motion to commence composition proceedings is filed before this Act comes into effect or if an order to commence composition proceedings that is based on the motion is issued before or after this Act comes into effect, prior laws continue to govern the handling of the particulars provided for in the provisions of the laws set forth in the following items related to the motion or order, notwithstanding those provisions after the amendment pursuant to the provisions of these Supplementary Provisions of this Act:

- (i) the provisions of Article 398-3, paragraph (2) of the Civil Code;
- (ii) the provisions of Article 33-12-3, paragraph (1), item (i), sub-item (c) of the

- Mariners Insurance Act;
- (iii) the provisions of Article 59, paragraph (3) and Article 68-3, paragraph (2) of Agricultural and Fishing Cooperatives Savings Insurance Act;
  - (iv) the provisions of Article 22-2, paragraph (1), item (i), sub-item (c) of the Employment Insurance Act;
  - (v) the provisions of Article 135-36 of the Non-Contentious Case Procedures Act;
  - (vi) the provisions of Article 309-2, paragraph (1), item (ii) and Article 383, paragraph (1) and paragraph (2) of the Commercial Code;
  - (vii) the provisions of Article 54, paragraph (1), item (vii), Article 64-10, paragraph (1), and Article 79-53, paragraph (1), item (ii) of the Securities and Exchange Act;
  - (viii) the provisions of Article 2, paragraph (3), item (i) of the Small and Medium-Sized Enterprise Credit Insurance Act;
  - (ix) the provisions of Articles 20, paragraph (2), Article 24, Article 37, paragraph (1), Article 38, item (iv), Article 67, paragraph (1), Article 78, paragraph (1), items (ii) through (iv), Article 79, paragraph (2), Article 80, paragraph (1), and Article 163, items (ii) and (iv) of the Corporate Reorganization Act;
  - (x) the provisions of Article 30 of the Act on Management of the Claims Held by the State and Other Matters;
  - (xi) the provisions of Article 27, paragraph (1), item (v) of the Installment Sales Act;
  - (xii) the provisions of Article 22, paragraph (1), item (viii) and Article 33, paragraph (1) of the Act on Foreign Securities Business Entities;
  - (xiii) the provisions in Row (12) and Row (17), (d) of Appended Table 1 of the Act on the Costs of Civil Proceedings;
  - (xiv) the provisions of Article 36, paragraph (1), item (v) of the Advance-Installment Type Business Lots and Buildings Sales Business Act;
  - (xv) the provisions of Article 2, paragraph (2), item (i) of the Act on Mutual Relief System for the Prevention of Bankruptcies of Small and Medium-Sized Enterprises;
  - (xvi) the provisions of Article 46, paragraph (1) of the Banking Act;
  - (xvii) the provisions of Article 111, paragraph (4), item (ii) of the Act on the Securitization of Specified Assets by Special Purpose Companies;
  - (xviii) the provisions of Article 66, Article 151, and Article 271, paragraph (1) of the Insurance Business Act;
  - (xix) the provisions of Article 24, paragraph (1), Article 26, Article 27, Article 31, Article 45, Article 48, paragraph (1), items (ii) through (iv), and Article 49, paragraph (1) of the Act on Special Measures for the Reorganization Proceedings of Financial Institutions; and

(xx) the provisions of Article 40, paragraphs (1) and (3) of the Act on Punishment of Organized Crimes and Control of Crime Proceeds.

(Transitional Measures on Application of Penal Provisions)

Article 26 Prior laws continue to govern the applicability of penal provisions to acts which a person has committed before this Act comes into effect, as well as to acts which a person commits after this Act comes into effect when prior laws are to continue to govern pursuant to the Supplementary Provisions of this Act.

### **Supplementary Provisions [Act No. 91 of May 31, 2000]**

(Effective Date)

(1) This Act comes into effect as of the day on which the Act Partially Amending the Commercial Code, etc. (Act No. 90 of 2000) comes into effect.

(Transitional Measures)

(2) If this Act comes into effect before the date on which Article 8 of the Supplementary Provisions of the Center for Quality Control and Consumer Service Act (Act No. 183 of 1999) comes into effect, the term "Article 27" in the provisions of Article 31 amending Article 19-5-2, Article 19-6, paragraph (1), item (iv), and Article 27 of the Act on Standardization and Proper Labeling of Agricultural and Forestry Products is deemed to be replaced with "Article 26".

### **Supplementary Provisions [Act No. 96 of May 31, 2000 Extract] [Extract]**

(Effective Date)

Article 1 This Act comes into effect as of December 1, 2000 (hereinafter referred to as the "effective date").

(Effect of Dispositions)

Article 49 Unless otherwise provided for in these Supplementary Provisions, a disposition, procedure, or other actions undertaken pursuant to the provisions of the relevant laws prior to the amendment before this Act comes into effect (for the provisions set forth in the items of Article 1 of the Supplementary Provisions, before those provisions come into effect), for which corresponding provisions exist in the amended laws, is deemed to be a disposition, procedure, or other actions undertaken pursuant to the corresponding provisions of the relevant amended laws.

(Transitional Measures on Application of Penal Provisions)

Article 50 Prior laws continue to govern the applicability of penal provisions to

acts which a person has committed before this Act comes into effect.

(Delegation of Other Transitional Measures to Cabinet Order)

Article 51 Beyond what is provided for in Articles 2 through 11 and the preceding Article of the Supplementary Provisions, Cabinet Order prescribes the transitional measures necessary for the enforcement of this Act.

(Review)

Article 52 Once five years have passed after this Act comes into effect, the government is to take into account the implementation status of the new Securities and Exchange Act and the new Financial Futures Trading Act and the changes in social and economic conditions, review the systems related to the securities exchange as defined in Article 2, paragraph (16) of the new Securities Exchange Act and the financial futures exchange as defined in Article 2, paragraph (6) of the new Financial Futures Trading Act, and is to take the required measures based on the results of the review if it finds this to be necessary.

#### **Supplementary Provisions [Act No. 97 of May 31, 2000 Extract] [Extract]**

(Effective Date)

Article 1 This Act comes into effect as of the date specified by Cabinet Order, within a period not exceeding six months after the date of its promulgation (hereinafter referred to as the "effective date").

(Partial Amendment of the Banking Act)

Article 50 (1) Omitted

(2) In applying the provisions of Article 10, paragraph (7) of the Banking Act after its amendment pursuant to the preceding paragraph, the former special purpose companies and the asset securitization plans and specified bonds of the former special purpose company are deemed to be special purpose companies and the asset securitization plans and specified bonds of a special purpose company as provided for in the new Asset Securitization Act.

(Effect of Dispositions)

Article 64 Unless otherwise provided for in these Supplementary Provisions, a disposition, procedure, or other actions undertaken pursuant to the provisions of the relevant laws prior to the amendment (including an order based on these laws; hereinafter the same applies in this Article) before this Act comes into effect (for the provisions set forth in the proviso to Article 1 of the Supplementary Provisions, before those provisions come into effect), for which

corresponding provisions exist in the amended laws, is deemed to be a disposition, procedure, or other actions undertaken pursuant to the corresponding provisions of the relevant amended laws.

(Transitional Measures on Application of Penal Provisions)

Article 65 Prior laws continue to govern the applicability of penal provisions to acts which a person has committed before this Act comes into effect (for the provisions set forth in the proviso to Article 1 of the Supplementary Provisions, before those provisions come into effect), as well as to acts which a person commits after this Act comes into effect for which prior laws are to continue to govern pursuant to these Supplementary Provisions.

Article 66 In applying the provisions of the Act on Punishment of Organized Crimes and Control of Crime Proceeds after the amendment pursuant to the provisions of Article 62 of these Supplementary Provisions (hereinafter referred to as the "new Act on Punishment of Organized Crimes" in this Article) (excluding the penal provisions that are to apply pursuant to the preceding Article), a crime referred to in Article 171, Article 172, Article 174, Article 179, paragraph (1), or Article 182, paragraph (2) or (4) of the former Asset Securitization Act when prior laws are to remain in force pursuant to the provisions of the main clause of Article 2, paragraph (1) of these Supplementary Provisions, is deemed to be a crime set forth in item (lviii) of the Appended Table of the new Act on Punishment of Organized Crimes, and a crime referred to in Article 228, Article 230, Article 235, paragraph (1), or Article 236, paragraph (2) or (4) of the former Investment Trust Act when prior laws are to continue to govern pursuant to the provisions of the preceding Article is deemed to be a crime set forth in item (xxiii) of the Appended Table of the new Act on Punishment of Organized Crimes.

(Delegation of Other Transitional Measures to Cabinet Order)

Article 67 Beyond what is provided for in these Supplementary Provisions, Cabinet Order prescribes the transitional measures necessary for the enforcement of this Act.

(Review)

Article 68 Within five years after this Act comes into effect, the government is to take into account the implementation status of the new Asset Securitization Act, the new Investment Trust Act, and the Building Lots and Buildings Transaction Business Act after the amendment pursuant to the provisions of Article 8 (hereinafter referred to as the "new Act on Building Lots and Buildings Transaction Business" in this Article) and the changes in social and

economic conditions, review the system related to the authorized real estate brokers prescribed in the provisions of the new Asset Securitization Act, the new Investment Trust Act, and Article 50-2, paragraph (2) of the new Building Lots and Buildings Transaction Business Act, and is to take the required measures based on the results of the review if it finds this to be necessary.

**Supplementary Provisions [Act No. 129 of November 29, 2000 Extract]  
[Extract]**

(Effective Date)

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

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

(Effective Date)

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

(Transitional Measures on Application of Penal Provisions)

Article 7 Prior laws continue to govern the applicability of penal provisions to acts which a person has committed before the effective date, as well as to acts which a person commits on or after the effective date for which prior laws are to remain in force pursuant to these Supplementary Provisions.

(Delegation of Other Transitional Measures to Cabinet Order)

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

(Review)

Article 9 Once five years have passed after this Act comes into effect, the government is to take into account the implementation status of this Act and the changes in socioeconomic conditions, review the system related to book-entry transfer institutions, and take the required measures based on the results of the review if it finds this to be necessary.

**Supplementary Provisions [Act No. 80 of June 29, 2001]**

This Act comes into effect as of the day on which the Act to Partially Amend

the Commercial Code, etc. comes into effect.

**Supplementary Provisions [Act No. 117 of November 9, 2001 Extract]  
[Extract]**

(Effective Date)

Article 1 This Act comes into effect as of the date specified by Cabinet Order, within a period not exceeding six months after the date of its promulgation (hereinafter referred to as the "effective date"); provided, however, that the provisions set forth in the following items come into effect as of the day specified in each of those items:

- (i) the provisions of Article 1 that delete Article 17-2 of the Banking Act and amend Article 47, paragraph (2) of that Act (limited to the part that delete "Article 17-2"), the provisions of Article 3 that delete Article 112-2 of the Insurance Business Act and amend Article 270-6, paragraph (2), item (i) of that Act, the provisions of Article 4 that delete Article 55-3, the provisions of Article 8, Article 9, Article 13 and Article 14, and the provisions of the following Article, Article 9 and Articles 13 through 16 of the Supplementary Provisions: the day after the last day in the one-month period that starts to run on the promulgation date of this Act;

(Transitional Measures on Foreign Bank Branches' Business Licenses)

Article 2 (1) A foreign bank that has obtained a license referred to in Article 4, paragraph (1) of the Banking Act granted by the Prime Minister prior to amendment under Article 1 (hereinafter referred to as the "former Banking Act") (the license is referred to as an "old license" in this Article), pursuant to Article 47, paragraph (1) of the former Banking Act, at the time this Act comes into effect, for which the number of license obtained is one, is deemed to have obtained the license referred to in Article 4, paragraph (1) of the Banking Act amended under Article 1 (hereinafter referred to as the "new Banking Act") granted by the Prime Minister pursuant to Article 47, paragraph (1) of the new Banking Act, at the time this Act comes into effect.

- (2) A foreign bank other than the foreign bank that is deemed to have obtained the license referred to in Article 4, paragraph (1) of the new Banking Act granted by the Prime Minister pursuant to Article 47, paragraph (1) of the new Banking Act pursuant to the preceding paragraph may file a notification with the Prime Minister pursuant to the provisions of Cabinet Order even before this Act comes into effect, by designating one of the foreign bank branch offices for which an old license has been obtained as the principal foreign bank branch office prescribed in Article 47, paragraph (1) of the new Banking Act.
- (3) A foreign bank that files a notification under the provisions of the preceding

paragraph before this Act comes into effect and that holds an old license at the time this Act comes into effect is deemed to have obtained the license referred to in Article 4, paragraph (1) of the new Banking Act granted by the Prime Minister pursuant to Article 47, paragraph (1) of the new Banking Act on the effective date.

(Transitional Measures on Banks' Shareholders)

Article 3 (1) In applying the provisions of Chapter VII-2 (excluding Section 3) of the new Banking Act to holders of shares in a bank that exist at the time this Act comes into effect, the holders of shares are deemed to have become those holders on the effective date due to grounds other than a transaction or action set forth in any of the items of Article 52-9, paragraph (1) of the new Banking Act.

(2) A bank that has another bank as its subsidiary company at the time this Act comes into effect by obtaining the authorization referred to in Article 16-2, paragraph (4) or the proviso to Article 16-2, paragraph (5) of the former Banking Act is deemed to have obtained the authorization referred to in the proviso to Article 52-9, paragraph (2) of the new Banking Act on the effective date for holding the shares of the other bank.

(Delegation of Authority)

Article 13 (1) The Prime Minister delegates the authority under these Supplementary Provisions (excluding the authority specified by Cabinet Order) to the Commissioner of the Financial Services Agency.

(2) The Commissioner of the Financial Services Agency may delegate a part of the authority delegated pursuant to the provisions of the preceding paragraph to the Directors-General of Local Finance Bureaus or Local Finance Branch Bureaus, pursuant to the provisions of Cabinet Order.

(Effect of Dispositions)

Article 14 Unless otherwise provided for in these Supplementary Provisions, a disposition, procedure, or other actions undertaken pursuant to the provisions of the relevant laws prior to the amendment (including an order based on those laws; hereinafter the same applies in this Article) before the amending provisions of this Act come into effect and for which corresponding provisions exist in the relevant amended laws, is deemed to be a disposition, procedure, or other actions undertaken pursuant to the corresponding provisions of the relevant amended laws.

(Transitional Measures on Penal Provisions)

Article 15 Prior laws continue to govern the applicability of penal provisions to

acts which a person has committed before the relevant amended provisions of this Act come into effect and to acts which a person commits after the relevant amended provisions come into effect related to the particulars that are to continue to be governed by prior laws pursuant to these Supplementary Provisions.

(Delegation of Other Transitional Measures to Cabinet Order)

Article 16 Beyond what is provided for in Article 2 through the preceding Article of the Supplementary Provisions, Cabinet Order prescribes the transitional measures necessary for the enforcement of this Act (including transitional measures on penal provisions).

(Review)

Article 23 Once five years have passed after this Act comes into effect, the government is to take into account the implementation status of the new Banking Act, the new Long-Term Credit Bank Act, and the new Insurance Business Act and the changes in socioeconomic conditions surrounding banking and insurance businesses, review the systems related to banks' major shareholders as defined in Article 2, paragraph (10) of the new Banking Act, the major shareholders of long-term credit banks as defined in Article 16-2-2, paragraph (5) of the new Long-Term Credit Bank Act, and the major shareholders of insurance companies as defined in Article 2, paragraph (14) of the new Insurance Business Act, and take the required measures based on the results of the review if it finds this to be necessary.

**Supplementary Provisions [Act No. 129 of November 28, 2001 Extract]  
[Extract]**

(Effective Date)

(1) This Act comes into effect as of April 1, 2002.

(Transitional Measures on Application of Penal Provisions)

(2) Prior laws continue to govern the applicability of penal provisions to acts which a person has committed before this Act comes into effect, as well as to acts which a person commits after this Act comes into effect for which prior laws are to continue to govern pursuant to the provisions of this Act.

**Supplementary Provisions [Act No. 45 of May 29, 2002]**

(Effective Date)

(1) This Act comes into effect as of the date specified by Cabinet Order, within a

period not exceeding one year after the date of its promulgation.

(Transitional Measures)

(2) If this Act comes into effect before the date on which Article 2 of the Act Partially Amending the Agricultural Cooperatives Act, etc. (Act No. 94 of 2001) comes into effect, the term "Article 30, paragraph (12)" in the provisions of Article 9 that amend Article 30, paragraph (12) of the Agricultural Cooperatives Act is deemed to be replaced with "Article 30, paragraph (11)".

**Supplementary Provisions [Act No. 47 of May 29, 2002 Extract] [Extract]**

(Effective Date)

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

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

(Effective Date)

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

(Transitional Measures on Application of Penal Provisions)

Article 84 Prior laws continue to govern the applicability of penal provisions to acts which a person has committed before this Act comes into effect (for the provisions set forth in the items of Article 1 of the Supplementary Provisions, before those provisions come into effect; hereinafter the same applies in this Article), as well as to acts which a person commits after this Act comes into effect for which prior laws are to continue to govern pursuant to these Supplementary Provisions.

(Delegation of Other Transitional Measures to Cabinet Order)

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

(Review)

Article 86 Once five years have passed after this Act comes into effect, the government is to take into account the implementation status of the new Corporate Bonds Transfer Act and the Financial Instruments and Exchange Act and the changes in socioeconomic conditions, review the systems related to the participant protection trust as defined in Article 2, paragraph (11) of the new Corporate Bonds Transfer Act and to financial instruments clearing

organizations as defined in Article 2, paragraph 29 of the Financial Instruments and Exchange Act, and take the required measures based on the results of the review if it finds this to be necessary.

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

(Effective Date)

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

(Transitional Measures on Application of Penal Provisions)

Article 38 Prior laws continue to govern the applicability of penal provisions to acts which a person has committed before this Act comes into effect.

(Delegation of Other Transitional Measures to Cabinet Order)

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

(Review)

Article 40 Once five years have passed after this Act comes into effect, the government is to take into account the implementation status of the provisions amended by this Act and the changes in socioeconomic conditions, review the financial systems that have been amended by this Act, and take the required measures based on the results of the review if it finds this to be necessary.

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

(Effective Date)

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

(Delegation to Cabinet Order)

Article 14 Beyond what is provided for in Article 2 through the preceding Article of the Supplementary Provisions, Cabinet Order prescribes the transitional measures necessary for the enforcement of this Act.

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

(Effective Date)

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

(Transitional Measures on Application of Penal Provisions)

Article 135 Prior laws continue to govern the applicability of penal provisions to acts which a person has committed before this Act comes into effect, to acts which a person commits after this Act comes into effect when prior laws are to continue to govern pursuant to these Supplementary Provisions, and to acts which a person commits after this Act comes into effect for which prior laws are to remain in force pursuant to these Supplementary Provisions.

(Delegation of Other Transitional Measures to Cabinet Order)

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

(Review)

Article 137 Once five years have passed after this Act comes into effect, the government is to take into account the implementation status of the provisions amended by this Act and the changes in socioeconomic conditions, review the settlement system related to transactions of shares or equity which has been amended by this Act, and take the required measures based on the results of the review if it finds this to be necessary.

### **Supplementary Provisions [Act No. 97 of June 9, 2004 Extract] [Extract]**

(Effective Date)

Article 1 This Act comes into effect as of April 1, 2005 (hereinafter referred to as the "effective date"); provided, however, that the provisions set forth in the following items come into effect as of the day specified in each of those items: (i) the provisions of Article 1 that amend Article 33-3, Article 64-2, paragraph (1), item (ii), and Article 64-7, paragraph (5) of the Securities and Exchange Act, the provisions that amend Article 65-2, paragraph (5) of that Act (limited to the part that amend the term "and (vii)" to ", (vii) and (xii)") and the provisions that amend Article 144, Article 163, paragraph (2) and Article 207, paragraph (1), item (i) and paragraph (2) of that Act; the provisions of Article 2 that amend Article 36, paragraph (2) of the Act on Foreign Securities Business Entities (hereinafter referred to as the "Foreign Business Entities Act" in this Article); the provisions of Article 4 that amend Article 10-5 of the Act on Investment Trusts and Investment Corporations

(hereinafter referred to as the "Investment Trusts Act" in this Article); the provisions of Article 6 that amend Article 29-3 of the Act on Regulation of Securities Investment Advisory Business (hereinafter referred to as the "Investment Advisory Business Act" in this Article); the provisions of Articles 11 and 12, the provisions of Article 13 that amend Article 9-8, paragraph (6), item (i) of the Small and Medium-Sized Enterprise Cooperatives Act by making the following additions; and the provisions of Articles 14 through 19: the date of promulgation of this Act.

(Transitional Measures on Application of Penal Provisions)

Article 22 Prior laws continue to govern the applicability of penal provisions to acts which a person has committed before this Act comes into effect (for the provisions set forth in the items of Article 1 of the Supplementary Provisions, before those provisions come into effect; hereinafter the same applies in this Article), as well as to acts which a person commits after this Act comes into effect for which prior laws are to continue to govern pursuant to Article 3 of these Supplementary Provisions.

(Delegation of Other Transitional Measures to Cabinet Order)

Article 23 Beyond what is provided for in these Supplementary Provisions, Cabinet Order prescribes the transitional measures necessary for the enforcement of this Act.

(Review)

Article 24 Once five years have passed after this Act comes into effect, the government is to take into account the implementation status of the provisions amended by this Act and the changes in socioeconomic conditions, review the financial system amended by this Act, and take the required measures based on the results of the review if it finds this to be necessary.

**Supplementary Provisions [Act No. 154 of December 3, 2004 Extract]  
[Extract]**

(Effective Date)

Article 1 This Act comes into effect as of the date specified by Cabinet Order, within a period not exceeding six months after the date of its promulgation (hereinafter referred to as the "effective date").

(Effect of Dispositions)

Article 121 Unless otherwise provided for in these Supplementary Provisions, a disposition, procedure, or other actions undertaken pursuant to the provisions

of the relevant laws (including an order based on those laws; hereinafter the same applies in this Article) before this Act comes into effect, for which corresponding provisions exist in the relevant amended laws, is deemed to be a disposition, procedure, or other actions undertaken pursuant to the corresponding provisions of the relevant amended laws.

(Transitional Measures on Penal Provisions)

Article 122 Prior laws continue to govern the applicability of penal provisions to actions which a person has committed before this Act comes into effect. to acts which a person commits after this Act comes into effect when prior laws are to continue to govern pursuant to these Supplementary Provisions, and to actions which a person commits after this Act comes into effect when prior laws are to remain in force pursuant to these Supplementary Provisions.

(Delegation of Other Transitional Measures to Cabinet Order)

Article 123 Beyond what is provided for in these Supplementary Provisions, Cabinet Order prescribes the transitional measures necessary for the enforcement of this Act.

(Review)

Article 124 Within three years after this Act comes into effect, the government is to review the implementation status of this Act, and take the required measures based on the results of the review if it finds this to be necessary.

**Supplementary Provisions [Act No. 159 of December 8, 2004 Extract]  
[Extract]**

(Effective Date)

Article 1 This Act comes into effect as of July 1, 2005.

**Supplementary Provisions [Act No. 38 of May 2, 2005 Extract] [Extract]**

(Effective Date)

Article 1 This Act comes into effect as of the date specified by Cabinet Order, within a period not exceeding one year after the date of its promulgation (hereinafter referred to as the "effective date").

(Delegation to Cabinet Office Order)

Article 34 Beyond what is provided for in these Supplementary Provisions, the procedures for application and submission of documents concerning the authorization or approval pursuant to the provisions of these Supplementary

Provisions, and other particulars necessary in order to implement this Act, are specified by Cabinet Order.

(Administrative Authorities)

Article 34-2 (1) The administrative authority referred to in these Supplementary Provisions (excluding Article 15, paragraph (4) of the Supplementary Provisions) and the Insurance Business Act as applied mutatis mutandis pursuant to these Supplementary Provisions following the deemed replacement of terms means the person specified in the following items in accordance with the category of corporations set forth in each of those items:

- (i) a corporation established pursuant to the provisions of Article 34 of the Civil Code which was engaged in specified insurance business at the time of promulgation of this Act: the administrative organ that was supervising the services of that corporation on the day before it transferred its registration based on prior laws pursuant to Article 95 of the Arrangement Act (if prior to the day before it transferred its registration, the administrative organ that was supervising its services based on prior laws pursuant to the provisions of that Article); and
- (ii) a corporation other than that set forth in the preceding item: the Prime Minister.

(2) An order of the competent ministry under these Supplementary Provisions and the Insurance Business Act as applied mutatis mutandis pursuant to these Supplementary Provisions following the deemed replacement of terms means an order issued jointly by the Prime Minister and the Minister who has jurisdiction over the administrative functions involved in supervising the business of the corporation set forth in item (i) of the preceding paragraph.

(Transitional Measures of Penal Provisions)

Article 35 Prior laws continue to govern the applicability of penal provisions to actions which a person has committed before this Act comes into effect, as well as to actions which a person commits after this Act comes into effect for which prior laws are to continue to govern pursuant to these Supplementary Provisions.

(Delegation of Authority)

Article 36 (1) The Prime Minister delegates the authority under these Supplementary Provisions and the Insurance Business Act as applied mutatis mutandis pursuant to these Supplementary Provisions following the deemed replacement of terms (limited to the authority under the jurisdiction of the Financial Services Agency, and excluding the authority specified by Cabinet Order) to the Commissioner of the Financial Services Agency.

- (2) The authority of an administrative authority under these Supplementary Provisions and the Insurance Business Act as applied mutatis mutandis pursuant to these Supplementary Provisions following the deemed replacement of terms (excluding prefectural governors and other executive agencies) may be exercised by the heads of local branch offices, pursuant to the provisions of Cabinet Order.
- (3) The Commissioner of the Financial Services Agency may delegate a part of the authority delegated to them pursuant to the provisions of paragraph (1) to the Directors-General of Local Finance Bureaus or Local Finance Branch Bureaus, pursuant to the provisions of Cabinet Order.

(Delegation to Cabinet Order)

Article 37 Beyond what is provided for in these Supplementary Provisions, Cabinet Order prescribes the transitional measures necessary for the enforcement of this Act.

(Reviews)

Article 38 (1) Within three years after this Act comes into effect, the government is to take into account the implementation status of the systems related to special measures for governmental assistance to the Life Insurance Policyholders Protection Corporation and financial assistance to protect insurance policyholders, etc. by the Life Insurance Policyholders Protection Corporation, the status of property of the Life Insurance Policyholders Protection Corporation, and the soundness of management of insurance companies, review the proper state of bearing of costs required for financial assistance by the Life Insurance Policyholders Protection Corporation and the necessity of maintaining the provisions on government assistance, and make appropriate amendments.

(2) Within five years after this Act comes into effect, the government is to take into account the status of services of reinsurance provided through insurance companies and other services by small amount and short term insurers, the status of diversity of insurance underwritten by insurance companies, and the changes in socioeconomic conditions, review the system related to insurance business provided for in this Act, and take the measures required based on the results of the review if it finds this to be necessary.

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

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

**Supplementary Provisions [Act No. 106 of November 2, 2005 Extract]  
[Extract]**

(Effective Date)

Article 1 This Act comes into effect as of the date specified by Cabinet Order, within a period not exceeding one year after the date of its promulgation (hereinafter referred to as the "effective date"); provided, however, that the provisions set forth in the following items come into effect as of the day specified in each of those items:

(i) the provisions of Article 11: the date of promulgation of this Act;

(Transitional Measures upon Partial Amendment of the Banking Act and Other Acts)

Article 2 (1) A person that is engaged in bank agency services as defined in Article 2, paragraph (14) of the Banking Act after the amendment (hereinafter referred to as the "new Banking Act") pursuant to the provisions of Article 1 (hereinafter referred to as "bank agency services") at the time this Act comes into effect (excluding a person that is deemed to have obtained the license referred to in Article 52-36, paragraph (1) of the new Banking Act on the effective date pursuant to the provisions of paragraph (1) of the following Article) may continue to engage in bank agency services during the period of three months after the effective date (if a disposition denying the license as referred to in Article 52-36, paragraph (1) of the new Banking Act is rendered or the discontinuation of bank agency services is ordered pursuant to the provisions of Article 52-56, paragraph (1) of the Act as applied following the deemed replacement of terms pursuant to the provisions of the following paragraph, until the day on which the disposition is rendered or order of discontinuation is issued), notwithstanding the provisions of Article 52-36, paragraph (1) of the new Banking Act. If that person files an application for the license referred to in Article 52-36, paragraph (1) of the new Banking Act within that period and the period has passed, the same applies during the period until the disposition granting or denying the license is rendered.

(2) If a person continues to engage in bank agency services pursuant to the provisions of the preceding paragraph, the person is deemed to be a bank agent (meaning a bank agent as defined in Article 2, paragraph (15) of the new Banking Act; the same applies hereinafter), and the provisions of Article 13-2, Article 24, Article 25, Article 38, Article 48, Article 52-36, paragraphs (2) and (3), Articles 52-39 through 52-41, Articles 52-43 through 52-56, Articles 52-58 through 52-60, Article 53, paragraph (4), Article 56 (limited to the part related to item (xi)), and Article 57-4, paragraph (2), and the provisions of Chapter IX of the new Banking Act which are related to those provisions apply. In such a

case, the term "in any of the following items" in Article 52-56, paragraph (1) of the new Banking Act is deemed to be replaced with "item (iv) or (v) ", and the term "revoke its license referred to in Article 52-36, paragraph (1)" in that paragraph is deemed to be replaced with "order it to discontinue bank agency services".

- Article 3 (1) A person (other than a bank, etc. prescribed in Article 52-61, paragraph (1) of the new Banking Act) engaging in bank agency services at an agency established under the provisions of Article 8, paragraph (1) of the Banking Act before the amendment pursuant to the provisions of Article 1 (hereinafter referred to as the "former Banking Act") at the time this Act comes into effect is deemed to have obtained the license referred to in Article 52-36, paragraph (1) of the new Banking Act on the effective date, and the provisions of the new Banking Act apply.
- (2) A person that is deemed to have obtained a license pursuant to the provisions of the preceding paragraph must submit a document stating the particulars set forth in the items of Article 52-37, paragraph (1) of the new Banking Act and the documents set forth in the items, paragraph (2) of that Article to the Prime Minister by the last day of the three-month period that begins on the effective date.
- (3) Notwithstanding the provisions of paragraph (1), the provisions of Article 52-39 of the new Banking Act do not apply to a person that is deemed to have obtained a license pursuant to paragraph (1), until the person that is deemed to have obtained the license submits the documents prescribed in the preceding paragraph pursuant to the provisions of that paragraph.
- (4) In applying Article 52-61, paragraph (3) of the new Banking Act to a person engaging in bank agency services at an agency established pursuant to the provisions of Article 8, paragraph (1) of the former Banking Act at the time this Act comes into effect (limited to a bank, etc. prescribed in Article 52-61, paragraph (1) of the new Banking Act; referred to as "bank, etc. engaging in bank agency services" in the following paragraph), the term "if it seeks to engage in bank agency services" in Article 52-61, paragraph (3) of the new Banking Act is deemed to be replaced with "by the last day of the three-month period that begins on the day on which the Act Partially Amending the Banking Act, etc. (Act No. 106 of 2005) comes into effect".
- (5) Notwithstanding the provisions of Article 52-61, paragraph (2) of the new Banking Act, the provisions of Article 52-39 of the new Banking Act do not apply to a bank, etc. engaging in bank agency services until the bank, etc. files the notification under the provisions of Article 52-61, paragraph (3) of the new Banking Act as applied following the deemed replacement of terms pursuant to the preceding paragraph.

Article 4 The provisions of Article 8, paragraph (1) of the new Banking Act (including as applied mutatis mutandis pursuant to Article 17 of the new Long-Term Credit Bank Act) concerning the establishment or discontinuation of a branch office or other business offices, or an agency of a bank (meaning a bank as defined in Article 2, paragraph (1) of the new Banking Act; the same applies hereinafter) or a long-term credit bank (meaning a long-term credit bank as defined in Article 2 of the Long-Term Credit Bank Act after the amendment pursuant to the provisions of Article 2 (hereinafter referred to as the "new Long-Term Credit Bank Act"); the same applies hereinafter) apply to the establishment or discontinuation that takes place on or after the effective date, and prior laws continue to govern the establishment or discontinuation that takes place before the effective date.

Article 5 The provisions of Article 8, paragraph (2) of the new Banking Act (including as applied mutatis mutandis pursuant to Article 17 of the new Long-Term Credit Bank Act) concerning the establishment or discontinuation of a branch office or other business offices, or an agency in a foreign country by a bank or a long-term credit bank apply to establishment or discontinuation that takes place on or after the effective date, and prior laws continue to govern the establishment or discontinuation that takes place before the effective date.

Article 6 The provisions of Article 8, paragraph (3) of the new Banking Act (including as applied mutatis mutandis pursuant to Article 17 of the new Long-Term Credit Bank Act) apply to a contract entrusting a person with services in a foreign country, which is concluded on or after the effective date.

Article 7 The provisions of Article 13-2 of the new Banking Act (including as applied mutatis mutandis pursuant to Article 17 of the new Long-Term Credit Bank Act, Article 89, paragraph (1) of the Shinkin Bank Act after the amendment pursuant to the provisions of Article 3 (hereinafter referred to as the "new Shinkin Bank Act"); Article 94, paragraph (1) of the Labor Bank Act after the amendment pursuant to the provisions of Article 4 (hereinafter referred to as the "new Labor Bank Act"); and Article 6, paragraph (1) of the Act on Financial Businesses by Cooperative after the amendment pursuant to the provisions of Article 6 (hereinafter referred to as the "new Act on Financial Businesses by Cooperative")) apply to a transaction or an action undertaken by a bank, etc. (meaning a bank, long-term credit bank, Shinkin bank or the federation of Shinkin banks, labor bank or the federation of labor banks, or credit cooperative or the federation of credit cooperatives (meaning a federation of credit cooperatives as defined in Article 2, paragraph (1) of the

new Act on Financial Businesses by Cooperative); hereinafter the same applies in this Article and paragraph (2) of the following Article) on or after the effective date, and prior laws continue to govern a transaction or an action undertaken by a bank, etc. before the effective date.

Article 8 (1) The provisions of Article 20, Article 52-28, and Article 52-29 of the new Banking Act (including as applied mutatis mutandis pursuant to Article 17 of the new Long-Term Credit Bank Act) apply to documents prescribed in those provisions for the business year of a bank, long-term credit bank, bank holding company (meaning a bank holding company as defined in Article 2, paragraph (13) of the new Banking Act; hereinafter the same applies in this paragraph and paragraph (3) of the following Article), or long-term credit bank holding company (meaning a long-term credit bank holding company as defined in Article 16-4, paragraph (1) of the new Long-Term Credit Bank Act; hereinafter the same applies in this paragraph and paragraph (3) of the following Article) which starts on or after the effective date, and prior laws continue to govern those documents for the business year of a bank, long-term credit bank, bank holding company or long-term credit bank holding company, which starts before the effective date.

(2) The provisions of Article 21, paragraphs (1) and (2) of the new Banking Act (including as applied mutatis mutandis pursuant to Article 17 of the new Long-Term Credit Bank Act, Article 89, paragraph (1) of the new Shinkin Bank Act, Article 94, paragraph (1) of the new Labor Bank Act, and Article 6, paragraph (1) of the new Act on Financial Services by Cooperatives) apply to documents referred to in those provisions for the business year of a bank, etc. which starts on or after the effective date, and prior laws continue to govern those documents for the business year of a bank, etc. which starts before the effective date.

Article 9 (1) The provisions of Article 52-43 and Article 52-44 of the new Banking Act (including as applied mutatis mutandis pursuant to Article 17 of the new Long-Term Credit Bank Act, Article 89, paragraph (3) of the new Shinkin Bank Act, Article 94, paragraph (3) of the new Labor Bank Act, and Article 6-5, paragraph (1) of the new Act on Financial Services by Cooperatives) apply to actions specified in Article 2, paragraph (14) of the new Banking Act (including actions specified in Article 16-5, paragraph (2) of the new Long-Term Credit Bank Act, Article 85-2, paragraph (2) of the new Shinkin Bank Act, Article 89-3, paragraph (2) of the new Labor Bank Act, and Article 6-3, paragraph (2) of the new Act on Financial Services by Cooperatives) that are taken on or after the effective date.

(2) The provisions of Articles 52-50 of the new Banking Act (including as applied

mutatis mutandis pursuant to Article 17 of the new Long-Term Credit Bank Act, Article 89, paragraph (3) of the new Shinkin Bank Act, Article 94, paragraph (3) of the new Labor Bank Act, and Article 6-5, paragraph (1) of the new Act on Financial Services by Cooperatives; hereinafter the same applies in this paragraph) apply to the written report prescribed in Article 52-50, paragraph (1) of the new Banking Act for business year of a bank agent, long-term credit bank agent (meaning a long-term credit bank agent as defined in Article 16-5, paragraph (3) of the new Long-Term Credit Bank Act; the same applies hereinafter), Shinkin bank agent (meaning a Shinkin bank agent as defined in Article 85-2, paragraph (3) of the new Shinkin Bank Act; the same applies hereinafter), labor bank agent (meaning a labor bank agent as defined in Article 89-3, paragraph (3) of the new Labor Bank Act; the same applies hereinafter), or credit cooperative agent (meaning a credit cooperative agent as defined in Article 6-3, paragraph (3) of the new Act on Financial Businesses by Cooperative; the same applies hereinafter) which starts on or after the effective date.

- (3) The provisions of Articles 52-51 of the new Banking Act (including as applied mutatis mutandis pursuant to Article 17 of the new Long-Term Credit Bank Act, Article 89, paragraph (3) of the new Shinkin Bank Act, Article 94, paragraph (3) of the new Labor Bank Act, and Article 6-5, paragraph (1) of the new Act on Financial Businesses by Cooperative; hereinafter the same applies in this paragraph) apply to documents prescribed in Article 52-51, paragraph (1) of the new Banking Act for the business year of a principal bank (meaning a principal bank as defined in Article 2, paragraph (16) of the new Banking Act), principal long-term credit bank (meaning a principal long-term credit bank as defined in Article 16-5, paragraph (3) of the new Long-Term Credit Bank Act), principal Shinkin bank (meaning a principal Shinkin bank as defined in Article 85-2, paragraph (3) of the new Shinkin Bank Act), principal labor bank (meaning a principal labor bank as defined in Article 89-3, paragraph (3) of the new Labor Bank Act), or principal credit cooperative (meaning a principal credit cooperative as defined in Article 6-3, paragraph (3) of the new Act on Financial Businesses by Cooperative) which starts on or after the effective date.

(Effect of Dispositions)

Article 38 Unless otherwise provided for in these Supplementary Provisions, a disposition, procedure, or other actions undertaken pursuant to the provisions of the relevant laws (including an order based on those laws; hereinafter the same applies in this Article) before this Act comes into effect, for which corresponding provisions exist in the relevant amended laws, is deemed to be a disposition, procedure, or other actions undertaken pursuant to the corresponding provisions of the relevant amended laws.

(Transitional Measures on Application of Penal Provisions)

Article 39 Prior laws continue to govern the applicability of penal provisions to acts which a person has committed before this Act comes into effect, as well as to acts which a person commits after this Act comes into effect for which prior laws are to continue to govern pursuant to these Supplementary Provisions.

(Delegation of Authority)

Article 40 (1) The Prime Minister delegates the authority under these Supplementary Provisions (excluding the authority specified by Cabinet Order) to the Commissioner of the Financial Services Agency.

(2) A part of the authority delegated to the Commissioner of the Financial Services Agency pursuant to the preceding paragraph and a part of the authority of the Minister of Agriculture, Forestry and Fisheries and the Minister of Health, Labour and Welfare under these Supplementary Provisions may be delegated to the Directors-General of Local Finance Bureaus or Local Finance Branch Bureaus (to the heads of local branch offices, for the authority of the Minister of Agriculture, Forestry and Fisheries and the Minister of Health, Labour and Welfare), pursuant to the provisions of Cabinet Order.

(Delegation of Other Transitional Measures to Cabinet Order)

Article 41 Beyond what is provided for in these Supplementary Provisions, Cabinet Order prescribes the transitional measures necessary for the enforcement of this Act.

(Review)

Article 42 Once five years have passed after this Act comes into effect, the government is to take into account the implementation status of the provisions amended by this Act and the changes in socioeconomic conditions, review the financial systems that have been amended by this Act, and take the measures required based on the results of the review if it finds this to be necessary.

### **Supplementary Provisions [Act No. 65 of June 14, 2006 Extract] [Extract]**

(Effective Date)

Article 1 This Act comes into effect as of the date specified by Cabinet Order, within a period not exceeding one year and six months after the date of its promulgation (hereinafter referred to as the "effective date"); provided, however, that the provisions set forth in the following items come into effect as of the day specified in each of those items:

(i) the provisions of Article 1, the provisions of Article 8 that amend Article 30-

4, paragraph (2), item (ii) of the Agricultural Cooperatives Act (limited to the part that amends the phrase "Article 197, paragraph (1), items (i) through (iv) or item(vii), or Article 197, paragraph (2), Article 198, items (i) through (x), item (xviii) or item (xix)" to "Article 197, Article 197-2, items (i) through (x) or item (xiii) or Article 198, item (viii)"); the provisions of Article 9 that amend Article 34-4, paragraph (2), item (ii) of the Fishery Cooperative Act (limited to the part that amends the phrase "Article 197, paragraph (1), items (i) through (iv) or item (vii), or Article 197, paragraph (2), Article 198, items (i) through (x), item (xviii) or item (xix)" to "Article 197, Article 197-2, items (i) through (x) or item (xiii), Article 198, item (viii)"); the provisions of Article 11 that amend Article 5-4, item (iv) of the Act on Financial Businesses by Cooperative (limited to the part that amends the phrase "Article 197, paragraph (1), items (i) through (iv) or item (vii), or Article 197, paragraph (2)" to "Article 197", and the part that amends the phrase "Article 198, items (i) through (x), item (xviii) or item (xix) (Crime of Offering Securities Without Notification)" to "Article 197-2, items (i) through (x) or item (xiii) (Crime of Offering Securities Without Notification), Article 198, item (viii) (Crime of Breaching a Prohibition Order or Order for Suspension Issued by the Court)"); the provisions of Article 13 that amend Article 34, item (iv) of the Shinkin Bank Act (limited to the part that amends the phrase "Article 197, paragraph (1), items (i) through (iv) or item (vii), or Article 197, paragraph (2)" to "Article 197" and the part that amends the phrase "Article 198, items (i) through (x), item (xviii) or item (xix) (Crime of Offering Securities Without Notification)" to "Article 197-2, items (i) through (x) or item (xiii) (Crime of Offering Securities Without Notification), Article 198, item (viii) (Crime of Breaching a Prohibition Order or Order for Suspension Issued by the Court)"); the provisions of Article 15 that amend Article 34, item (iv) of the Labor Bank Act (limited to the part that amends the phrase "Article 197, paragraph (1), items (i) through (iv) or item (vii), or Article 197, paragraph (2)" to "Article 197" and the part that amends the phrase "Article 198, items (i) through (x), item (xviii) or item (xix) (Crime of Offering Securities Without Notification)" to "Article 197-2, items (i) through (x) or item (xiii) (Crime of Offering Securities Without Notification), Article 198, item (viii) (Crime of Breaching a Prohibition Order or Order for Suspension Issued by the Court)"); the provisions of Article 18 amending Article 53-2, paragraph (1), item (iii) of the Insurance Business Act (limited to the part that amends the phrase "Article 197, paragraph (1), items (i) through (iv) or item (vii), or Article 197, paragraph (2)" to "Article 197" and the part that amends the phrase "Article 198, items (i) through (x), item (xviii) or item (xix) (Crime of Offering Securities Without Notification)" to "Article 197-2, items (i) through (x) or item (xiii) (Crime of Offering Securities Without

- Notification), Article 198, item (viii) (Crime of Breaching a Prohibition Order or Order for Suspension Issued by the Court)"); the provisions of Article 19 that amend Article 24-4, item (iv) of the Norinchukin Bank Act (limited to the part that amends the phrase "Article 197, paragraph (1), items (i) through (iv) or item (vii), or Article 197, paragraph (2), Article 198, items (i) through (x), item (xviii) or item (xix)" to "Article 197, Article 197-2, items (i) through (x) or item (xiii), or Article 198, item (viii)"); and the provisions of Article 2, Article 4, Article 182, paragraph (1), Article 184, paragraph (1), Article 187, paragraph (1), Article 190, paragraph (1), Article 193, paragraph (1), Article 196, paragraph (1), and Article 198, paragraph (1) of these Supplementary Provisions: the day after the last day in the 20-day period that starts to run on the date of promulgation;
- (ii) the provisions of Article 3 of these Supplementary Provisions: the day on which the Act on the Partial Amendment of the Penal Code, etc. to Respond to Increase in International and Organized Crimes and Advancement of Information Processing (Act No. of 2006) comes into effect or the day on which the provisions set forth in the preceding item come into effect, whichever is later;
- (iii) the provisions of Article 2 (excluding the provisions that amend Article 27-23 of the Securities and Exchange Act (excluding the part that adds the term "and Article 27-26" after "Article 27-25, paragraph (1)"); the provisions that amend Article 27-24 of that Act; the provisions that amend Article 27-25 of that Act; the provisions that amend Article 27-26 of that Act (excluding the part that amends the phrase "controlling the business activities of the company that is the issuer of those share certificates, etc." to "performing an act specified by Cabinet Order as an act that considerably changes or considerably influences the business activities of the issuer of those share certificates, etc. (referred to as an 'act of making a material proposal' in paragraph (4) and paragraph (5))" and the part adding three paragraphs to that Article); the provisions that amend Article 27-27 of that Act; the provisions that amend Article 27-30-2 of that Act (excluding the part that amends the term "Article 27-10, paragraph (2)" to "Article 27-10, paragraph (8) and paragraph (12)" and the part that adds the term "or paragraph (11)" after "Article 27-10, paragraph (1)"); and the provisions of Article 7, Article 8, and Article 12 of these Supplementary Provisions: the date specified by Cabinet Order, within a period not exceeding six months after the date of promulgation;
- (iv) the provisions of Article 2 that amend Article 27-23 of the Securities and Exchange Act (excluding the part that adds the term "and Article 27-26" after "Article 27-25, paragraph (1)"); the provisions that amend Article 27-24 of that Act; the provisions that amend Article 27-25 of that Act; the

provisions that amend Article 27-26 of that Act (excluding the part that amend the phrase "controlling the business activities of the company that is the issuer of those share certificates, etc." to "performing an act specified by Cabinet Order as an act that considerably changes or considerably influences the business activities of the issuer of those share certificates, etc. (referred to as an 'act of making a material proposal' in paragraph (4) and paragraph (5))" and the part that adds three paragraphs to that Article); the provisions that amend Article 27-27 of that Act; the provisions that amend Article 27-30-2 of that Act (excluding the part that amends the term "Article 27-10, paragraph (2)" to "Article 27-10, paragraph (8) and paragraph (12)" and the part that adds the term "or paragraph (11)" after "Article 27-10, paragraph (1)"); and the provisions of Articles 9 through 11 and Article 13 of these Supplementary Provisions: the date specified by Cabinet Order, within a period not exceeding one year after the date of promulgation of this Act;

(v) the provisions of Article 4: the day on which the Act on General Incorporated Associations and General Incorporated Foundations (Act No. 48 of 2006) comes into effect;

(Transitional Measures upon Partial Amendment of the Banking Act)

Article 195 If a bank receives an offer for a contract for specified deposit, etc. (meaning a contract for specified deposit, etc. prescribed in Article 13-4 of the Banking Act after the amendment pursuant to the provisions of Article 16 (hereinafter referred to as the "new Banking Act" in this Article)) from a customer (limited to a person set forth in Article 2, paragraph (31), item (iv) of the new Financial Instruments and Exchange Act) for the first time after this Act comes into effect and the bank has notified the customer that it is possible to file an application under the provisions of Article 34-2, paragraph (1) of the new Financial Instruments and Exchange Act as applied mutatis mutandis pursuant to Article 13-4 of the new Banking Act, in accordance with the provisions of Article 34 of the new Financial Instruments and Exchange Act as applied mutatis mutandis pursuant to Article 13-4 of the new Banking Act before this Act comes into effect, the bank is deemed to have made a notification to the customer prescribed in Article 34 of the new Financial Instruments and Exchange Act as applied mutatis mutandis pursuant to Article 13-4 of the new Banking Act.

(Delegation of Authority)

Article 216 (1) The Prime Minister delegates the authority under the provisions of these Supplementary Provisions (excluding the authority specified by Cabinet Order) to the Commissioner of the Financial Services Agency.

(2) The Commissioner of the Financial Services Agency may delegate a part of

the authority delegated pursuant to the provisions of the preceding paragraph to the Directors-General of Local Finance Bureaus or Local Finance Branch Bureaus, pursuant to the provisions of Cabinet Order.

(Effect of Dispositions)

Article 217 Unless otherwise provided for in these Supplementary Provisions, a disposition, procedure, or other actions undertaken pursuant to the provisions of the former Securities and Exchange Act, the former Investment Trust Act, the former Trust Business Act, or an order based on those Acts before this Act comes into effect, for which corresponding provisions exist in the new Financial Instruments and Exchange Act, is deemed to be a disposition, procedure, or other actions undertaken pursuant to the corresponding provisions of the new Financial Instruments and Exchange Act.

(Transitional Measures on Application of Penal Provisions)

Article 218 Prior laws continue to govern the applicability of penal provisions to acts which a person has committed before this Act comes into effect (for the provisions set forth in the items of Article 1 of the Supplementary Provisions, before those provisions come into effect; hereinafter the same applies in this Article), to acts which a person commits after this Act comes into effect when prior laws are to continue to govern pursuant to these Supplementary Provisions, and to acts which a person commits after this Act comes into effect when prior laws are to remain in effect pursuant to these Supplementary Provisions.

(Delegation of Other Transitional Measures to Cabinet Order)

Article 219 (1) Beyond what is provided for in these Supplementary Provisions, Cabinet Order prescribes the transitional measures necessary for the enforcement of this Act.

(2) The transitional measures necessary for the registration procedures associated with the partial amendment of the Securities and Exchange Act pursuant to the provisions of Article 3 is specified by Ministry of Justice Order.

(Review)

Article 220 Within five years after this Act comes into effect, the government is to review the implementation status of this Act and take the required measures based on the results of the review if it finds this to be necessary.

**Supplementary Provisions [Act No. 109 of December 15, 2006 Extract]  
[Extract]**

This Act comes into effect as of the day on which the new Trust Act comes into effect.

**Supplementary Provisions [Act No. 74 of June 1, 2007 Extract] [Extract]**

(Effective Date)

Article 1 This Act comes into effect as of October 1, 2008; provided, however, that the provisions set forth in the following items come into effect as of the date prescribed in each of those items:

- (i) the provisions of Articles 3 through 22, Articles 25 through 30, Article 101, and Article 102 of the Supplementary Provisions: the date specified by Cabinet Order within a period not exceeding six months from the date of promulgation.

(Transitional Measures upon Partial Revision of the Banking Act)

Article 73 In applying the provisions of the Banking Act to short-term Shoko Chukin Bank bonds issued by a corporation prior to their conversion before the effective date, the short-term Shoko Chukin Bank bonds are deemed to be short-term corporate bonds, etc. prescribed in Article 10, paragraph (3) of that Act.

(Transitional Measures on Dispositions)

Article 100 Unless otherwise provided for in these Supplementary Provisions, a disposition, procedure, or other actions undertaken pursuant to the provisions of the relevant laws (including an order based on those laws; hereinafter the same applies in this Article) prior to the amendment before this Act comes into effect, for which corresponding provisions exist in the relevant amended laws, is deemed to be a disposition, procedure, or other actions undertaken pursuant to the corresponding provisions of the relevant amended laws.

(Transitional Measures on Application of Penal Provisions)

Article 101 Prior laws continue to govern the applicability of penal provisions to acts which a person has committed before this Act comes into effect (for the provisions set forth in the items of Article 1 of the Supplementary Provisions, before those provisions come into effect; hereinafter the same applies in this Article), to acts which a person commits after this Act comes into effect when prior laws are to continue to govern pursuant to the provisions of these Supplementary Provisions, and to acts which a person commits after this Act comes into effect when prior laws are to remain in force pursuant to the provisions of these Supplementary Provisions.

(Delegation of Other Transitional Measures to Cabinet Order)

Article 102 Beyond what is provided for in these Supplementary Provisions, Cabinet Order prescribes the transitional measures necessary for the enforcement of this Act.

**Supplementary Provisions [Act No. 65 of June 13, 2008 Extract] [Extract]**

(Effective Date)

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

(iii) the provisions of Article 1 that amend Article 31-4 of the Financial Instruments and Exchange Act, the provisions that amend Article 36 of that Act by adding add four new paragraphs, the provisions that amend Article 50-2, paragraph (4) of that Act (limited to the part that amends the term "or paragraph (3)" to ", paragraph (3) or paragraph (4)"), the provisions that amend Articles 56-2, 59-6 and 60-13 of that Act, the provisions that amend Article 65-5, paragraph (2) and paragraph (4) of that Act (limited to the part that amends the term "Article 36" to "Article 36, paragraph (1)"), the provisions that amend Article 190, paragraph (1) of that Act (limited to the part that amends the term "to paragraph (3)" to "to paragraph (4)"), the provisions that amend Article 194-7, paragraph (2), item (i) of that Act, the provisions that amend Article 194-7, paragraph (3) of that Act (limited to the part that amends the term "to paragraph (3)" to "to paragraph (4)"), and the provisions that amend Article 205-2, Article 207, paragraph (1), item (vi) and Article 208, item (iv) of that Act; the provisions of Article 2 that amend Article 197 of the Act on Investment Trusts and Investment Corporations; the provisions of Article 4 that amend Article 11-2-3, item (iii) of the Agricultural Cooperatives Act, the provisions that add a new Article after Article 11-5 of that Act, the provisions that add a new Article after Article 11-12 of that Act, and the provisions that amend Article 11-47, paragraph (1), item (ii) of that Act; the provisions of Article 5 that amend Article 11, paragraph (4), item (ii), Article 11-4, paragraph (2) and Article 11-8, item (iii) of the Fishery Cooperatives Act, that make Article 11-13 of that Act into Article 11-14 of that Act, the provisions that add a new Article after Article 11-12 of that Act, the provisions that add a new Article after Article 15-9 of that Act, and the provisions that amend Article 57-3, Article 92, paragraph (1), Article 100, paragraph (1), Article 100-8, paragraph (1) and Article 130, paragraph (1), item (iii) of that Act; the provisions of Article 6 that add a new Article after Article 58-5 of the Small and Medium-Sized Enterprise

Cooperatives Act; the provisions of Article 7 that amend Article 6, paragraph (1) of the Act on Financial Businesses by Cooperative (excluding the part that amends the phrase "Article 18, paragraph (1) (Accumulation of Retained Earnings Reserves)" to "Article 18 (Amounts of Capital Reserves and Retained Earnings Reserves)"), and the provisions that amend paragraph (2) of that Article; the provisions of Article 8 that amend Article 89, paragraph (1) of the Shinkin Bank Act; the provisions of Article 10 that amend Article 94, paragraph (1) of the Labor Bank Act; the provisions of Article 11 that amend Article 13-3 of the Banking Act, the provisions that add a new Article after Article 13-3 of that Act, the provisions that amend Article 16-2, paragraph (1), items (iii) and (v) of that Act, and the provisions that add a new Article after Article 52-21 of that Act; the provisions of Article 12 that amend the Table of Contents, Article 2, paragraph (11), Article 8, and Article 28, paragraph (1), item (iii) of the Insurance Business Act, the provisions that amend Article 53-2, paragraph (1), item (iii) of that Act (limited to the part that add the term "(Act No. 25 of 1948)" after "Financial Instruments and Exchange Act"), the provisions that add a new Article after Article 100-2 of that Act, the provisions that amend Article 106, paragraph (1), item (v) of that Act, the provisions that add a new Article before Article 194 in Part II, Chapter IX, the provisions that amend Article 271-21, paragraph (1), the provisions that add a new Article after Article 271-21 of that Act, and the provisions that amend Article 272-13, paragraph (2) and Article 333, paragraph (1), items (i) and (ii) of that Act; the provisions of Article 13 that amend Articles 59 and 59-2 of the Norinchukin Bank Act, the provisions that add a new Article after Article 59-2 of that Act, and that amend Article 72, paragraph (1), item (ii) of that Act; the provisions of Article 14 that amend Article 28 of the Shoko Chukin Bank Limited Act, the provisions that add a new Article after Article 28 of that Act, that amend Article 39, paragraph (1), items (i) and (iii), and the provisions that amend the proviso to Article 56, paragraph (5) of that Act (excluding the part that adds the term "and paragraph (7)" after "Article 21, paragraph (4)"); the provisions of Article 22 of the Supplementary Provisions that amend Article 2, paragraph (4) of the Act on Engagement in Trust Business Activities by a Financial Institution (Act No. 43 of 1943) (limited to the part that amends the term "Article 36" to "Article 36, paragraph (1)"); the provisions of Article 32 of the Supplementary Provisions that amend Article 209, paragraph (1) of the Act on the Securitization of Assets (Act No. 105 of 1998); and the provisions of Articles 35 and 38 of the Supplementary Provisions: the date specified by Cabinet Order within a period not exceeding one year from the date of promulgation.

(Transitional Measures on Application of Penal Provisions)

Article 40 Prior laws continue to govern the applicability of penal provisions to acts which a person has committed before this Act comes into effect (for the provisions set forth in the items of Article 1 of the Supplementary Provisions, before those provisions come into effect; hereinafter the same applies in this Article), as well as to acts which a person commits after this Act comes into effect for which prior laws are to continue to govern pursuant to the provisions of these Supplementary Provisions.

(Delegation to Cabinet Order)

Article 41 Beyond what is provided for in Articles 2 through 19 of the Supplementary Provisions, Cabinet Order prescribes the transitional measures necessary for the enforcement of this Act.

(Review)

Article 42 Within five years after this Act comes into effect, the government is to review the implementation status of the provisions amended by this Act, and take the required measures based on the results of the review if it finds this to be necessary.

**Supplementary Provisions [Act No. 51 of June 10, 2009 Extract] [Extract]**

(Effective Date)

Article 1 This Act comes into effect as of the date specified by Cabinet Order within a period not exceeding one year from the date of its promulgation (hereinafter referred to as the "effective date").

**Supplementary Provisions [Act No. 58 of June 24, 2009 Extract] [Extract]**

(Effective Date)

Article 1 This Act comes into effect as of the date specified by Cabinet Order within a period not exceeding one year from the date of its promulgation; provided, however, that the provisions set forth in the following items come into effect as of the day specified in each of those items:

(iii) the provisions of Article 1 that add a new Article after Article 37-6 of the Financial Instruments and Exchange Act, the provisions that amend Article 38, Article 45, item (i), Article 59-6, Article 60-13, and Article 66-14, item (i), sub-item (b) of that Act, the provisions that add a new paragraph to Article 77 of that Act, the provisions that add a new paragraph to Article 77-2 of that Act, the provisions that amend Article 79-13 of that Act, and the provisions that add a new Article after Article 156-31 of that Act; the

provisions of Article 2 that amend the Table of Contents (limited to the part that amend the term "Article 13" to "Article 13-2") of the Mutual Loan Business Act, the provisions that amend Article 9 of that Act, and the provisions that add a new Article after Article 13 in Chapter II of that Act; the provisions of Article 3 that amend Article 2, paragraph (1) and Article 2-2 of the Act on Engagement in Trust Business Activities by a Financial Institution; the provisions of Article 4 that amend Article 11-2-4 of the Agricultural Cooperatives Act, the provisions that add a new Article after Article 11-3 of that Act, the provisions that amend Article 11-10-3, the provisions that make Article 11-12-2 of that Act into Article 11-12-3 and add a new Article after Article 11-12 of that Act, and the provisions that amend Article 92-5 of that Act; the provisions of Article 5 that amend Article 11, paragraph (4), item (ii) and Article 11-9 of the Fishery Cooperative Act, the provisions that add a new Article after Article 11-10 of that Act, the provisions that amend Article 11-13, paragraph (2) and Article 15-7 of that Act, the provisions that make Article 15-9-2 of that Act into Article 15-9-3 and add a new Article after Article 15-9 of that Act, and the provisions that amend Article 92, paragraph (1), Article 96, paragraph (1), Article 100, paragraph (1), Article 100-8, paragraph (1), and Article 121-5 of that Act; the provisions of Article 6 that amend Article 9-7-3, Article 9-7-4 and Article 9-7-5, paragraph (2) of the Small and Medium-Sized Enterprise Cooperatives Act, and the provisions that add two new Articles after Article 9-9 of that Act; the provisions of Article 7 that amend Article 89, paragraph (1) (limited to the part that add the phrase ", obligation to conclude a contract, etc. with a designated dispute resolution organization" after "provision, etc.") of the Shinkin Bank Act, the provisions that amend paragraph (2) of that Article, and the provisions that amend Article 89-2 (limited to the part that amend the phrase "Article 37-5 (Delivery of Documents Pertaining to the Receipt of Security Deposits), Article 37-6 (Cancellation by Documents)" to "Articles 37-5 through 37-7 (Delivery of Documents Pertaining to the Receipt of Security Deposits, Cancellation by Documents, Obligation to Conclude a Contract, etc. with a Designated Dispute Resolution Organization)") of that Act; the provisions of Article 8 that amend Article 17-2 (limited to the part that amend the phrase "Article 37-5 (Delivery of Documents Pertaining to the Receipt of Security Deposits), Article 37-6 (Cancellation by Documents)" to "Articles 37-5 through 37-7 (Delivery of Documents Pertaining to the Receipt of Security Deposits, Cancellation by Documents, Obligation to Conclude a Contract with a Designated Dispute Resolution Organization)") of the Long Term Credit Bank Act; the provisions of Article 9 that amend Article 94, paragraph (1) (limited to the part that adds the phrase ", obligation to conclude a contract, etc. with a designated dispute resolution organization"

after "provision, etc.") of the Labor Bank Act, the provisions that amend paragraph (2) of that Article, and the provision that amend Article 94-2 of that Act; the provisions of Article 10 that make Article 12-3 of the Banking Act into Article 12-4 and add a new Article after Article 12-2 of that Act, the provisions that amend Article 13-4 of that Act, the provisions that amend Article 52-2-5 (limited to the part that amends the phrase "Article 37-5 (Delivery of Documents Pertaining to the Receipt of Security Deposits), Article 37-6 (Cancellation by Documents)" to "Articles 37-5 through 37-7 (Delivery of Documents Pertaining to the Receipt of Security Deposits, Cancellation by Documents, Obligation to Conclude a Contract, etc. with a Designated Dispute Resolution Organization)") of that Act, and the provision that amend Article 52-45-2 of that Act; the provisions of Article 11 that add a new Article after Article 12-2 of the Money Lending Business Act and add a new paragraph to Article 41-7 of that Act; the provisions of Article 12 that amend the Table of Contents (limited to the part that amend the term "Article 105" to "Article 105-3") of the Insurance Business Act, the provisions that amend Article 99, paragraph (8) of that Act, the provision that add two new Articles after Article 105 in Part II, Chapter III of that Act, the provisions that amend Article 199 of that Act, the provisions that add two new items after Article 240, paragraph (1), item (iii) of that Act, the provisions that add a new Article after Article 272-13 of that Act, the provisions that add a new Article after Article 299, and the provisions that amend Article 300-2 of that Act; the provisions of Article 13 that add a new Article after Article 57 of the Norinchukin Bank Act, the provisions that amend Article 59-3 of that Act, the provisions that amend Article 59-7 (limited to the part that amend the term "Article 37-5, Article 37-6" to "Articles 37-5 through 37-7"), and the provisions that amend Article 95-5 of that Act; the provisions of Article 14 that add a new Article after Article 23 the Trust Business Act and the provisions that amend Article 24-2 and Article 50-2, paragraph (12) of that Act; the provisions of Article 15 that amend Article 29 of the Shoko Chukin Bank Limited Act; the provisions of Article 17 that amend the Table of Contents of the Act on Regulation of Mortgage Security Business before the repeal pursuant to the provisions of Article 1 of the Act on the Amendment of Related Laws Accompanying the Enforcement of the Act on Partial Amendment of the Securities Exchange Act, etc., which are to continue to govern pursuant to the provisions of Article 57, paragraph (2) of that Act (limited to the part that amend the term "Article 19" to "Article 19-2"), and add a new Article after Article 19 in Chapter III of that Act; and the provisions of Article 8, Article 9, and Article 16 of the Supplementary Provisions: the date specified by Cabinet Order within a period not exceeding one year and six months from the date of

promulgation.

(Adjustment Provisions upon Partial Amendment of the Small and Medium-Sized Enterprise Cooperatives Act)

- Article 7 (1) If the provisions set forth in Article 1, item (iii) of the Supplementary Provisions come into effect before the date on which the Act on the Amendment of Related Laws Accompanying the Enforcement of the Insurance Act comes into effect (Act No. 57 of 2008), the term "Article 9-7-5, paragraph (2)" in the provisions of Article 6 that amend Article 9-7-5, paragraph (2) of the Small and Medium-Sized Enterprise Cooperatives Act is deemed to be replaced with "Article 9-7-5, paragraph (3)".
- (2) If the effective date is before the date on which the Act on the Amendment of Related Laws Accompanying the Enforcement of the Insurance Act comes into effect, in applying the provisions of Article 3, paragraph (4) of the Supplementary Provisions until the day before the latter date, the term "Article 9-7-5, paragraph (2)" is deemed to be replaced with "Article 9-7-5, paragraph (3)".

(Transitional Measures on Application of Penal Provisions)

Article 19 Prior laws continue to govern the applicability of penal provisions to acts which a person has committed before this Act comes into effect (for the provisions set forth in the items of Article 1 of the Supplementary Provisions, before those provisions come into effect; hereinafter the same applies in this Article), as well as to acts which a person commits after this Act comes into effect for which prior laws are to continue to govern pursuant to the provisions of these Supplementary Provisions.

(Delegation to Cabinet Order)

Article 20 Beyond what is provided for in Articles 2 through 5 of the Supplementary Provisions and the preceding Article, Cabinet Order prescribes the transitional measures necessary for the enforcement of this Act.

(Review)

Article 21 (1) Within three years after this Act comes into effect, the government is to take into account the status of designation of designated dispute resolution organizations prescribed in each relevant law (hereinafter referred to as "each amended law") after the amendment by this Act (hereinafter simply referred to as "designated dispute resolution organizations") and the implementation status of dispute resolution services provided in each amended law, and socioeconomic conditions, as well as the status of review under paragraph (3) of the Supplementary Provisions of the Act for Establishment of

the Consumer Affairs Agency and the Consumer Commission (Act No. 48 of 2009), review the appropriate state of the system related to alternative dispute resolution procedures taken by designated dispute resolution organizations including the appropriate state of involvement of the Consumer Affairs Agency and the appropriate state of cross-sectoral and comprehensive dispute resolution framework, and take the required measures based on the results of the review if it finds this to be necessary.

(2) Beyond what is provided for in the preceding paragraph, within five years after this Act comes into effect, the government is to review the implementation status of the provisions amended by this Act and take the required measures based on the results of the review if it finds this to be necessary.

### **Supplementary Provisions [Act No. 59 of June 24, 2009 Extract] [Extract]**

(Effective Date)

Article 1 This Act comes into effect as of the date specified by Cabinet Order within a period not exceeding one year from the date of its promulgation (hereinafter referred to as the "effective date").

(Transitional Measures on Application of Penal Provisions)

Article 34 Prior laws continue to govern the applicability of penal provisions to acts which a person has committed before this Act comes into effect, as well as to acts which a person commits after this Act comes into effect for which prior laws are to continue to govern pursuant to the provisions of these Supplementary Provisions.

(Delegation to Cabinet Order)

Article 35 Beyond what is provided for in these Supplementary Provisions, Cabinet Order prescribes the transitional measures necessary for the enforcement of this Act (including transitional measures on penal provisions).

(Review)

Article 36 Once five years have passed after this Act comes into effect, the government is to take into account the implementation status of this Act and the changes in socioeconomic conditions, review the system related to fund settlements, and take the required measures based on the results of the review if it finds this to be necessary.

### **Supplementary Provisions [Act No. 49 of May 25, 2011 Extract] [Extract]**

(Effective Date)

Article 1 This Act comes into effect as of the date specified by Cabinet Order within a period not exceeding one year from the date of its promulgation; provided, however, that the provisions set forth in the following items come into effect as of the day specified in each of those items:

- (i) the provisions of Article 1 that make Article 197-2, item (x)-4 of the Financial Instruments and Exchange Act into item (x)-7 of that Article, the provisions that add three new items after item (x)-3 of that Article, the provisions that amend Article 198 and Article 207, paragraph (1), item (iii) of that Act, and the provisions that amend Article 207, paragraph (1), item (vi) of that Act (limited to the part that amends the phrase "Article 198 (excluding item (v) and item (viii))" to "Article 198, item (iv)-2") of that Act; the provisions of Article 6 that amend Article 248 of the Act on Investment Trusts and Investment Corporations; and the provisions of Article 30 and Article 31 of the Supplementary Provisions: the day after the last day in the 20-day period that starts to run on the date of promulgation;
- (ii) the provisions of Article 1 that amend the Table of Contents of the Financial Instruments and Exchange Act, the provisions that add a new Article after Article 31-3 of that Act, the provisions that amend Article 36-2, paragraph (2) of that Act, the provisions that add a new Article after Article 171 in Chapter VI of that Act, the provisions that amend Article 181 and Article 192, paragraph (3) of that Act, the provisions that add a new item after Article 200, item (xii)-2 of that Act, the provisions that amend Article 207, paragraph (1), item (v), and the provisions that amend Article 207, paragraph (1), item (vi) (limited to the part that amends the phrase "Article 200, item (xvii)" to "Article 200, item (xii)-3, item (xvii)") of that Act; the provisions of Article 2; the provisions in Article 6 that amend Article 11, Article 26, paragraph (3), Article 201, Article 202, paragraph (2), Article 225, and Article 225-2 of the Act on Investment Trusts and Investment Corporations; the provisions of Article 10 that amend Articles 20 and 52-28 of the Banking Act; the provisions of Article 11 that add a proviso to Article 98, paragraph (2) and amend Article 333, paragraph (1) of the Insurance Business Act; the provisions of Article 12; and the provisions of Article 8, Article 9, Articles 12 through 14, Articles 17 through 20, and Articles 25 through 29 of the Supplementary Provisions: the date specified by Cabinet Order within a period not exceeding six months from the date of promulgation.

(Transitional Measures upon Partial Amendment of the Banking Act)

Article 12 (1) The provisions of Article 20, paragraph (7) of the Banking Act after the amendment pursuant to the provisions of Article 10 (referred to as

the "new Banking Act" in the following paragraph and Article 28 of the Supplementary Provisions) apply to the public notice under the provisions of Article 20, paragraph (4) of that Act related to the business year ending on or after the effective date referred to in item (ii)

- (2) The provisions of Article 52-28, paragraph (6) of the new Banking Act apply to the public notice under the provisions of paragraph (3) of that Article related to the business year that ends on or after the effective date referred to in item (ii).

(Transitional Measures on Application of Penal Provisions)

Article 30 Prior laws continue to govern the applicability of penal provisions to acts which a person has committed before this Act comes into effect (for the provisions set forth in the items of Article 1 of the Supplementary Provisions, before those provisions come into effect; hereinafter the same applies in this Article), as well as to acts which a person commits after this Act comes into effect for which prior laws are to continue to govern pursuant to the provisions of these Supplementary Provisions.

(Delegation to Cabinet Order)

Article 31 Beyond what is provided for in these Supplementary Provisions, Cabinet Order prescribes the transitional measures necessary for the enforcement of this Act (including transitional measures on penal provisions).

(Review)

Article 32 Within five years after this Act comes into effect, the government is to review the implementation status of this Act and take the required measures based on the results of the review if it finds this to be necessary.

### **Supplementary Provisions [Act No. 53 of May 25, 2011]**

This Act comes into effect as of the date on which the new Non-Contentious Case Procedures Act comes into effect.

### **Supplementary Provisions [Act No. 86 of September 12, 2012 Extract] [Extract]**

(Effective Date)

Article 1 This Act comes into effect as of the date specified by Cabinet Order within a period not exceeding one year and six months from the date of its promulgation; provided, however, that the provisions set forth in the following items come into effect as of the day specified in each of those items:

- (i) the provisions of Article 4, paragraph (13) and Article 18 of the

- Supplementary Provisions: the date of promulgation;
- (ii) the provisions of Article 1 and the following Article, and Article 17 of the Supplementary Provisions: the date specified by Cabinet Order within a period not exceeding one year from the date of promulgation; and
  - (iii) the provisions of Article 3, and Article 7, Articles 9 through 11, and Article 16 of the Supplementary Provisions: the date specified by Cabinet Order within a period not exceeding three years from the date of promulgation.

(Transitional Measures on Application of Penal Provisions)

Article 17 Prior laws continue to govern the applicability of penal provisions to acts which a person has committed before this Act comes into effect (for the provisions set forth in Article 1, item (ii) and item (iii) of the Supplementary Provisions, before those provisions come into effect).

(Delegation to Cabinet Order)

Article 18 Beyond what is provided for in Articles 2 through 5 and the preceding Article of the Supplementary Provisions, Cabinet Order prescribes the transitional measures necessary for the enforcement of this Act (including transitional measures on penal provisions).

(Review)

Article 19 Within five years after this Act comes into effect, the government is to review the implementation status of the provisions amended by this Act and take the required measures based on the results of the review if it finds this to be necessary.

### **Supplementary Provisions [Act No. 45 of June 19, 2013 Extract] [Extract]**

(Effective Date)

Article 1 This Act comes into effect as of the date specified by Cabinet Order within a period not exceeding one year from the date of its promulgation; provided, however, that the provisions set forth in the following items come into effect as of the day prescribed in each of those item:

- (i) the provisions of Article 1 that add a new Article after Article 197-2 of the Financial Instruments and Exchange Act, the provisions that add two new items after Article 198, item (ii) of that Act, and the provisions that amend Article 198-3, Article 198-6, item (ii), Article 205, item (xiv), and Article 207, paragraph (1), item (ii) and paragraph (2) of that Act; the provisions of Article 3; the provisions of Article 4 that add a new paragraph after Article 11-4, paragraph (4) of the Agricultural Cooperatives Act; the provisions of Article 5 that make paragraph (5) into paragraph (6) and add a new

paragraph after paragraph (4) of Article 11-11 of the Fisheries Cooperative Act; the provisions of Article 8 (excluding the provisions that amend Article 252 of the Act on Investment Trusts and Investment Corporations); the provisions of Article 14 that make Article 13, paragraph (5) of the Banking Act into paragraph (6) and add a new paragraph after paragraph (4) of Article 13 of that Act and the provisions that amend the term "the preceding three paragraphs" in Article 52-22, paragraph (4) of that Act to "the preceding paragraphs", make that paragraph into paragraph (5) and add a new paragraph after paragraph (3) of that Article; the provisions of Article 15; the provisions of Article 19 that make Article 58, paragraph (5) the Norinchukin Bank Act into paragraph (6) and add a new paragraph after Article 58, paragraph (4) of that Act; the provisions of Article 21 that amend Article 91, Article 93, Article 96, and Article 98, paragraph (1) of the Trust Business Act; the provisions of Article 22; and the provisions of Article 30 (limited to the provisions that amend Article 23, paragraph (2) of the Act on the Regional Economy Revitalization Corporation of Japan (Act No. 63 of 2009)), Article 31 (limited to the provisions that amend Article 17, paragraph (2) of the Act on Corporation for Revitalizing Earthquake-Affected Business (Act No. 113 of 2011)), and Articles 32, 36 and 37 of the Supplementary Provisions: the day after the last day in the 20-day period that starts to run on the date of promulgation

(iii) the provisions of Article 2; the provisions of Article 4 that amend Article 11-4, paragraphs (1) and (3) and Article 93, paragraph (2) of the Agricultural Cooperatives Act; the provisions of Article 5 that amend Article 11-11, paragraphs (1) and (3) and Article 122, paragraph (2) of the Fisheries Cooperative Act; the provisions of Article 9; the provisions of Article 14 that amend Article 13, paragraphs (1) and (3), Article 24, paragraph (2), Article 52-22, paragraphs (1) and (2), and Article 52-31, paragraph (2) of the Banking Act; the provisions of Article 16 that amend Article 128, paragraph (2), Article 200, paragraph (2), Article 201, paragraph (2), Article 226, paragraph (2), Article 271-27, paragraph (1), Article 272-22, paragraph (2), and Article 272-40, paragraph (2) of the Insurance Business Act; the provisions of Article 18; the provisions of Article 19 that amend Article 58, paragraphs (1) and (3) and Article 83, paragraph (2) of the Agricultural Cooperatives Act; the provisions of Article 21 that amend Article 42, paragraph (3) and Article 58, paragraph (2) of the Trust Business Act; and Articles 7 through 13, Article 15, Article 16, and Article 26 of the Supplementary Provisions: the date specified by Cabinet Order within a period not exceeding one year and six months from the date of promulgation.

(Transitional Measures upon the Partial Amendment of the Banking Act and

Other Acts)

Article 13 (1) Until the last day of the one-year period that begins on the effective date referred to in item (iii), the provisions of Article 13, paragraph (1) of the Banking Act after the amendment pursuant to the provisions of Article 14 (hereinafter referred to as the "new Banking Act" in this Article) (including as applied mutatis mutandis pursuant to Article 6, paragraph (1) of the Act on Financial Businesses by Cooperative after the amendment pursuant to the provisions of Article 7 (hereinafter referred to as the "new Act on Financial Businesses by Cooperative" in this paragraph), Article 89, paragraph (1) of the Shinkin Bank Act after the amendment pursuant to the provisions of Article 10, Article 17 of the Long-Term Credit Bank Act after the amendment pursuant to the provisions of Article 11 (hereinafter referred to as the "new Long-Term Credit Bank Act" in this paragraph and paragraph (3)), Article 94, paragraph (1) of the Labor Bank Act after the amendment pursuant to the provisions of Article 12 (hereinafter referred to as "as applied mutatis mutandis pursuant to Article 6, paragraph (1), etc. of the new Act on Financial Businesses by Cooperative" in the following paragraph); hereinafter the same applies in this paragraph and the following paragraph) do not apply to the grant of credit or making of contribution (meaning the grant of credit or making of contribution prescribed in Article 13, paragraph (1) of the new Banking Act; hereinafter the same applies in this paragraph and the following paragraph) by a bank as defined in Article 2, paragraph (1) of the new Banking Act, long-term credit bank as defined in Article 2 of the new Long-Term Credit Bank Act, Shinkin bank or the federation of Shinkin banks, labor bank or the federation of labor banks, or credit cooperatives or the federation of credit cooperatives as defined in Article 2, paragraph (1) of the new Act on Financial Services by Cooperatives (hereinafter referred to as the "bank, etc." in this paragraph and the following paragraph) to a single person prescribed in Article 13, paragraph (1) of the new Banking Act, in an amount that exceeds the maximum amount of credit and contribution (meaning the maximum amount of credit and contribution prescribed in Article 13, paragraph (1) of the new Banking Act; hereinafter the same applies in this paragraph) at the time when the provisions set forth in Article 1, item (iii) of the Supplementary Provisions come into effect, if the bank, etc. notifies the Prime Minister (the Prime Minister and the Minister of Health, Labour and Welfare in the case of a labor bank or federation of labor banks; hereinafter the same applies in this paragraph and the following paragraph) to that effect by the last day of the three-month period that begins on the effective date under item (iii). In such a case, if it is likely that it would significantly hinder that person from continuing business if the bank, etc. does not continue to grant credit or make contribution to the person in a total amount that exceeds the consolidated

maximum amount of credit and contribution after the last day of the one-year period that begins on the effective date under item (iii), or there are other compelling reasons, and the bank, etc. obtains the approval of the Prime Minister before that day, the bank, etc. is deemed to have obtained the approval referred to in the proviso to Article 13, paragraph (1) of the new Banking Act, on the day after that day.

(2) Until the last day of the one-year period that begins on the effective date under referred to in item (iii), the provisions of Article 13, paragraph (2) of the new Banking Act (including as applied *mutatis mutandis* pursuant to Article 6, paragraph (1) of the new Act on Financial Businesses by Cooperative; hereinafter the same applies in this paragraph) do not apply to the grant of credit or making of contribution by a bank, etc. and its subsidiary companies, etc. (meaning a subsidiary company, etc. prescribed in Article 13, paragraph (2) of the new Banking Act; hereinafter the same applies in this paragraph) to a single person as defined in Article 13, paragraph (1) of the new Banking Act, in a total amount that exceeds the consolidated maximum amount of credit and contribution (meaning the consolidated maximum amount of credit and contribution prescribed in Article 13, paragraph (2) of the new Banking Act; hereinafter the same applies in this paragraph) at the time when the provisions set forth in Article 1, item (iii) of the Supplementary Provisions come into effect, if the bank, etc. notifies the Prime Minister to that effect by the last day of the three-month period that begins on the effective date under item (iii). In such a case, if it is likely that it would significantly hinder that one person from continuing business if the bank, etc. and its subsidiary companies, etc. do not continue to grant credit or make contribution to the person in a total amount that exceeds the consolidated maximum amount of credit and contribution after the last day of the one-year period that begins on the effective date under item (iii) or there are other compelling reasons, and the bank, etc. obtains the approval of the Prime Minister before that day, the bank, etc. is deemed to have obtained the approval under the provisions of the proviso to Article 13, paragraph (1) of the new Banking Act as applied *mutatis mutandis* pursuant to the second sentence of Article 13, paragraph (2) of that Act on the day after that day.

(3) Until the last day of the one-year period that begins on the effective date referred to in item (iii), the provisions of Article 52-22, paragraph (1) of the new Banking Act (including as applied *mutatis mutandis* pursuant to Article 17 of the new Long-Term Credit Bank Act; hereinafter the same applies in this paragraph) do not apply to the grant of credit or making of contribution (meaning the grant of credit or making of contribution as prescribed in Article 52-22, paragraph (1) of the new Banking Act; hereinafter the same applies in this paragraph) by a bank holding company as defined in Article 2, paragraph

(13) of the new Banking Act and its subsidiary companies, etc. (meaning subsidiary companies, etc. prescribed in 52-22, paragraph (1) of the new Banking Act; hereinafter the same applies in this paragraph), or by a long-term credit bank holding company prescribed in Article 16-4, paragraph (1) of the new Long-Term Credit Bank Act and its subsidiary companies, etc., to a single person prescribed in Article 52-22, paragraph (1) of the new Banking Act, in a total amount that exceeds the maximum amount of credit and contribution by a bank holding company (meaning the maximum amount of credit and contribution by a bank holding company as defined in Article 52-22, paragraph (1) of the new Banking Act; hereinafter the same applies in this paragraph) at the time the provisions set forth in Article 1, item (iii) of the Supplementary Provisions come into effect, if the bank holding company or the long-term credit bank holding company (hereinafter referred to as a "bank holding company, etc." in this paragraph) notifies the Prime Minister to that effect by the last day of the three-month period that begins on the effective date under item (iii). In such a case, if there is a compelling reason, such as being likely that it would significantly hinder the relevant single person from continuing business if the bank holding company and its subsidiary companies, etc. or the long-term credit bank holding company and its subsidiary companies, etc. do not continue to grant credit or make contribution to the person in a total amount that exceeds the maximum amount of credit and contribution by a bank holding company after the last day of the one-year period that begins on the effective date referred to in item (iii), and the bank holding company, etc. obtains the approval of the Prime Minister before that day, the bank holding company, etc. is deemed to have obtained the approval under the provisions of the proviso to Article 52-22, paragraph (1) of the new Banking Act on the day after that day.

Article 14 In applying the provisions of Article 47-2 of the Banking Act after the amendment pursuant to the provisions of Article 14 to branch offices of foreign banks (meaning branch offices of foreign banks as defined in Article 47, paragraph (2) of the Banking Act prior to the amendment by the provisions of Article 14) already existing at the time this Act comes into effect, the term "amount specified by Cabinet Order" in Article 47-2 is deemed to be replaced with "amount specified by Cabinet Office Order not exceeding the amount specified by Cabinet Order" during the period from the effective date to the end of the business year that comes after the business year that includes that effective date.

(Transitional Measures on Application of Penal Provisions)

Article 36 Prior laws continue to govern the applicability of penal provisions to

acts which a person has committed before this Act comes into effect (for the provisions set forth in the items of Article 1 of the Supplementary Provisions, before those provisions come into effect; hereinafter the same applies in this Article), as well as to acts which a person commits after this Act comes into effect for which prior laws are to continue to govern pursuant to the provisions of these Supplementary Provisions.

(Delegation to Cabinet Order)

Article 37 Beyond what is provided for in Article 2 through 15 of the Supplementary Provisions and the preceding Article, Cabinet Order prescribes the transitional measures necessary for the enforcement of this Act (including transitional measures on penal provisions).

(Review)

Article 38 Approximately five years after this Act comes into effect, the government is to take into account the implementation status of the provisions of each of the relevant laws amended by this Act (hereinafter referred to as "each amended law" in this Article), and review the provisions of each amended law and take the required measures based on the results of the review, if it finds this to be necessary.