

Limited Partnership Act for Investment (Tentative translation)

(Act No. 90 of June 3, 1998)

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Chapter I General Provisions

(Purpose)

Article 1 The purpose of this Act is to promote the smooth provision of funds to enterprises, and to promote their sound growth and development by establishing a system of agreements for conducting investment in enterprises which provide for separate categories of unlimited liability partners having unlimited liability and limited liability partners having limited liability, and thereby contributing to the economic vitality of our country.

(Definitions)

Article 2 (1) The term "enterprise" as used in this Act means a corporation (excluding a foreign corporation (excluding a corporation specified by Cabinet Order as having its management controlled substantially by or influenced its management significantly by people in this country or companies established under the law of this country or people in this country; the same applies in item (xi) of paragraph (1) of the following Article)) or an individual carrying on business.

(2) The term "investment limited partnership" as used in this Act means a partnership that is formed between unlimited liability partners and limited liability partners pursuant to a limited partnership agreement for investment as set forth in paragraph (1) of the following Article.

(Limited Partnership Agreement for Investment)

Article 3 (1) A limited partnership agreement for investment (hereinafter referred to as a "partnership agreement") becomes effective by being entered

into by the parties for the purpose of making contributions to the partnership and jointly to carry out any or all of the following business activities:

- (i) acquisition and holding of shares issued by stock companies (kabushiki kaisha) upon their establishment, and acquisition and holding of equity shares issued by limited liability companies (godo kaisha) or enterprise cooperatives (kigyo kumiai) upon their establishments;
- (ii) acquisition and holding of shares or share options (excluding share options attached to bond with share options; hereinafter the same applies) issued by stock companies (kabushiki kaisha), or acquisition and holding of equity shares of limited liability companies or enterprise cooperatives;
- (iii) acquisition and holding of securities specified in each item of Article 2, paragraph (1) (excluding item (ix) and item (xiv)) of the Financial Instruments and Exchange Act (Act No. 25 of 1948) (including the rights to be represented by securities specified in items (i) through (viii), items (x) through item (xiii) and items (xv) through (xxi) and to be deemed as securities pursuant to the provision of paragraph (2) of the same Article) which are specified by Cabinet Order as contributing to the financing of an enterprise, such as bonds (hereinafter referred to as "designated securities");
- (iv) acquisition and holding of monetary claims against an enterprise, and acquisition and holding of monetary claims possessed by an enterprise"";
- (v) providing new loans to an enterprise;
- (vi) acquisition and holding of equity interests in a silent partnership agreement (meaning the silent partnership agreement provided for in Article 535 of the Commercial Code (Act No. 48 of 1899)) with an enterprise as the counterparty or beneficial interests in trust;
- (vi)-2 acquisition and holding of a cryptoasset (meaning the cryptoasset provided in Article 2, paragraph (14) of the Payment Services Act (Act No. 59 of 2009); the same applies hereinafter in this paragraph) which is issued for an enterprise;
- (vii) acquisition and holding of industrial property rights or copyrights (including licensing use with respect to these rights) possessed by an enterprise;
- (viii) providing management-related advice or technical guidance to an enterprise of which the partnership (except for the following item, hereinafter referred to as the "partnership") holds shares, equity interests, share options, designated securities, monetary claims, cryptoassets, industrial property rights, copyrights or beneficial interests in trust pursuant to any of the preceding items;
- (ix) investing in investment limited partnership or a partnership formed under a partnership agreement as provided in Article 667, paragraph (1) of the Civil Code (Act No. 89 of 1896) by virtue of promises to carry on the

- investment business, or similar organizations located in a foreign country;:
- (x) business activities ancillary to the business activities described in the preceding items as specified by Cabinet Order;
 - (xi) acquisition and holding of shares, share options or designated securities issued by a foreign corporation, equity shares in a foreign corporation, or instruments similar to the same, or cryptoassets which are issued for a foreign corporation, that are carried out to the extent that, pursuant to the provisions of Cabinet Order, there is no hindrance to the conduct of the business activities set forth in any of the preceding items;
 - (xii) investment of surplus funds in the course of business to be made in accordance with the manner specified by Cabinet Order in order to accomplish the purposes of the partnership agreement.
- (2) Shares, equity shares, share options or designated securities with respect to the business activities specified by items (i) through (iii), item (vi) or item (viii) of the preceding paragraph are, with respect to a corporation specified by Cabinet Order under paragraph (1) of the preceding Article, deemed to include those similar thereto that are governed by laws of a foreign country.
- (3) The written contract of the partnership agreement (hereinafter referred to as a "partnership contract") must provide the matters listed below and be signed by or have affixed the name and seal of each of the partners:
- (i) the businesses of the partnership;
 - (ii) the name of the partnership;
 - (iii) the location of the office of the partnership;
 - (iv) the names and addresses of the partners, and the classification of unlimited liability partner or limited liability partner for each of the partners;
 - (v) the amount of one unit of contributions;
 - (vi) the date on which the partnership agreement takes effect; and
 - (vii) the duration of the existence of the partnership.
- (4) It is sufficient that a notice or announcement to be made to a partnership be addressed to the location of the office of the partnership or to the address of an unlimited liability partner.

(Registration)

- Article 4 (1) A matter for which registration is required pursuant to the provisions of this Act may not be duly asserted against a third party in good faith until after the registration of that matter has been completed.
- (2) A person who through intention or negligence has made a false registration on a matter may not duly assert the falsity of that matter against a third party in good faith.

(Name)

- Article 5 (1) A partnership must include in its name the phrase "investment limited partnership."
- (2) An entity which is not a partnership may not include in its name the phrase "investment limited partnership."
- (3) The provisions of Article 8 (No Use of Name Which Is Likely to Be Mistaken for a Company) of the Companies Act (Act No. 86 of 2005) apply mutatis mutandis with respect to the name of a partnership.
- (4) If a limited liability partner permits its family, personal or business name being included in the name of the partnership, the limited partner has the same responsibilities as the unlimited liability partners for any debts of the partnership that are incurred upon or after the use of the limited partner's surname or name in the name of the partnership.

Chapter II Rights and Obligations of the Partners

(Contributions by the Partners)

- Article 6 (1) Each of the partners must own at least one unit of contributions.
- (2) A partner's contributions in the partnership may be made only in the form of cash or other properties.
- (3) The cash value of one unit of contributions must be uniform.

(Manner of Management of the Partnership)

- Article 7 (1) The unlimited liability partners manage the operations of the partnership.
- (2) In the case that there are two or more unlimited liability partners, the management of the partnership's businesses is determined by a majority of the unlimited liability partners.
- (3) Each unlimited liability partner may execute routine business of the partnership in its sole discretion notwithstanding the provisions of the preceding paragraph; provided, however, that this does not apply if any unlimited liability partner objects to that act of the unlimited liability partner before its completion.
- (4) In the event that the unlimited liability partners carry out acts other than the business activities listed in Article 3, paragraph (1), the partners may not ratify that act. The same applies in the event that any persons other than the unlimited liability partners conduct a business other than those listed in the same paragraph.

(Representation of the Partnership)

- Article 7-2 (1) When an unlimited liability partner conducts the business of the

- partnership, the unlimited liability partner may represent the other partners.
- (2) If there are two or more unlimited liability partners, each of the unlimited liability partners may represent a partner of the partnership only with the consent of a majority of the unlimited liability partners.
 - (3) Notwithstanding the provision of the preceding paragraph, each of the unlimited liability partners may, in its sole discretion, represent the other partners when it conducts the routine business of the partnership.

(Maintenance and Inspection of Financial Statements)

- Article 8 (1) The unlimited liability partners must prepare within three months after the end of each business year and maintain at the principal office for a period of five years thereafter the balance sheet, the profit and loss statement, and the business report, along with their detailed attachments (referred to as "financial statements, etc." in paragraph (3)) for the business year concerned.
- (2) In the case referred to in the preceding paragraph, the unlimited liability partners must also maintain the partnership contract and the written opinion (only the portion with respect to the balance sheet, the profit and loss statement, and their detailed attachments ; hereinafter the same applies in the following paragraph) prepared by either a certified public accountant (including a foreign certified public accountant) or an audit corporation.
 - (3) A partner or a creditor of the partnership may inspect or request a copy of the financial statements, etc., and the partnership contract and the written opinion described in the preceding paragraph at any time during normal business hours.

(Responsibility of the Partners)

- Article 9 (1) If there are two or more unlimited liability partners, each of the unlimited liability partners is jointly and severally liable for the obligations of the partnership.
- (2) A limited liability partner is liable for the partnership's obligations only to the extent of the market value of the partner's contributions.
 - (3) Notwithstanding the provision of the preceding paragraph, in the case that a limited partner has misled a third party into believing that it is a partner of the partnership with the authority to execute the business of the partnership, the limited liability partner has the same responsibilities as the unlimited liability partners vis-a-vis the third party which entered into a transaction with the partnership on the basis of that misunderstanding.

(Restrictions on Distribution of Partnership Property)

- Article 10 (1) The partnership property may not be distributed in an amount exceeding the amount of the partnership's net asset value as shown on the

balance sheet.

- (2) If a limited liability partner receives a distribution in violation of the provision of the preceding paragraph, the limited partner is liable for the obligations of the partnership to the extent of the amount so received; provided, however, that this does not apply after five years have elapsed since the limited liability partner received the distribution.

Chapter III Withdrawal by the Partners

(Voluntary Withdrawal)

Article 11 No partner may withdraw from a partnership except in case of unavoidable circumstances.

(Involuntary Withdrawal)

Article 12 Beyond as provided for in the preceding Article, a partner withdraws from the partnership based on the following grounds:

- (i) death;
- (ii) order for commencement of bankruptcy proceedings;
- (iii) order for ruling for commencement of guardianship; or
- (iv) expulsion.

Chapter IV Dissolution and Liquidation of a Partnership

(Events of Dissolution)

Article 13 A partnership is dissolved if any of the following occur; provided, however, that with respect to the event listed in item (ii) this does not apply, if new unlimited liability partners or limited liability partners are admitted by unanimous agreement of the remaining partners within two weeks from the occurrence of that event and if the registration of dissolution has not yet been made:

- (i) achievement of business as purposes of the partnership or if the achievement becomes impossible;
- (ii) withdrawal by all of the unlimited liability partner or all of the limited liability partners;
- (iii) the expiration of the duration of the partnership; or
- (iv) if any event other than those listed in the preceding three items is prescribed to be an event of dissolution in the partnership agreement, the occurrence of that event.

(Liquidators)

Article 14 In the event that a partnership is dissolved, the unlimited liability

partners become the liquidators of the partnership; provided, however, that this does not apply if other persons are elected as liquidators by a majority of all partners.

(Liquidators' Manner of Execution of Duties)

Article 15 The provisions of Article 7, paragraph (2) and paragraph (3) apply mutatis mutandis when there are two liquidators or more.

Chapter V Mutatis Mutandis Application of the Civil Code

(Mutatis Mutandis Application of the Civil Code)

Article 16 Articles 667-2 through 669 (default of other partners, invalidity of manifestation of intention with respect to one partner, etc., co-ownership of partnership property and liability of default of monetary contribution.), 671 through 674 (mutatis mutandis application of provisions for entrustment, resignation and dismissal of an executor of business, partners' inspection of the state of business and assets of the partnership, and proportion in respect of distribution of profits and losses to partners), 675 paragraph (1) (exercise of the rights by the creditor of the partnership), 676 through 677-2 (disposition of partners' interests and division of the partnership property, prohibition of creditors of a partner from exercising their rights over partnership property, and admission of partners), 680 through 681 (expulsion of a partner, liability of a withdrawn partner, etc. and refund of interests of a withdrawn partner), 683 (request for dissolution by partners), 684 (effect of the cancellation of the partnership agreement), 687 (resignation and removal of partner liquidators) and 688 (duty and authority of liquidators and method of distribution of residual assets) of the Civil Code (Act No. 89 of 1896) apply mutatis mutandis with respect to a partnership.

Chapter VI Registration

(Registration of a Partnership Agreement Taking Effect)

Article 17 When a partnership agreement takes effect, the following matters must be registered within two weeks at the location of the principal office:

- (i) the matters listed in Article 3, paragraph (3) item (i), item (ii), item (vi) and item (vii);
- (ii) the names and addresses of the unlimited liability partners;
- (iii) the location of the offices of the partnership; and
- (iv) if any event other than those listed in Article 13, items (i) through (iii) is prescribed as an event of dissolution in the partnership agreement, that event.

(Registration of Change)

Article 18 If a change in any of the matters listed in each item in preceding Article occurs, the change must be registered within two weeks at the location of the principal office.

(Registration of Office Relocation)

Article 19 If a partnership relocates its principal office to the jurisdictional district of another registry office, the relocation must be registered within two weeks at the district in which the former office was located and the matters listed in each item of Article 17 must be registered at the district in which the new office is located.

(Registration of Provisional Disposition of Suspension of Business Execution)

Article 20 If a provisional disposition is ordered suspending the execution of the business by an unlimited liability partner or appointing a person to execute business on its behalf or that the provisional disposition is ordered to be changed or rescinded, the fact must be registered at the district of the principal office.

(Registration of Dissolution)

Article 21 If a partnership is dissolved pursuant to the provision of Article 13, the registration of dissolution must be made within two weeks at the district of the principal office.

(Registration of Liquidators)

Article 22 (1) If the unlimited liability partners become the liquidators, the names and addresses of the liquidators must be registered within two weeks from the date of dissolution at the district of the principal office.
(2) If a liquidator is elected, the name and address of the liquidator must be registered within two weeks at the district of the principal office.
(3) The provisions of Article 18 apply mutatis mutandis with respect to the registration under the preceding two paragraphs, and the provisions of Article 20 apply mutatis mutandis with respect to liquidators.

(Registration of Completion of Liquidation)

Article 23 If the liquidation is completed, the completion of the liquidation must be registered within two weeks from the date of completion of the liquidation at the district of the principal office.

Article 24 Deleted

(Registry Office with Jurisdiction and Registry)

Article 25 (1) The Legal Affairs Bureau or local Legal Affairs Bureau, or a branch, or sub-office with jurisdiction in the district where the principal office of a partnership is located take charge of the administrative processes related to the registration of the partnership agreement as the registry office with jurisdiction.

(2) A register of limited partnership agreement for investment is maintained in each registry office.

(Application for Registration)

Article 26 (1) The registrations pursuant to the provisions of Articles 17 through 19 are made upon application by an unlimited liability partner and those pursuant to the provisions of Articles 21 through 23 are made upon application by a liquidator.

(2) In the event that the unlimited liability partner or liquidator who applies for registration pursuant to the preceding paragraph is a juridical person, a certificate evidencing the qualification to represent the juridical person must be attached to the written application.

(Attachment to Registration of Partnership Agreement Taking Effect)

Article 27 The partnership contract must be attached to the application for registration of the occurring of effect of the partnership agreement.

(Attachment to Registration of Changes)

Article 28 In an application for registration of any change in the matters listed in each item of Article 17, a written document evidencing the change in those matters must be attached to the application.

(Attachment to Registration of Dissolution)

Article 29 In an application for registration of dissolution, a written document evidencing the occurrence of an event of dissolution must be attached to the application.

(Attachment to Registration of Liquidators)

Article 30 In an application for registration of a liquidator who has been elected by a majority of all partners, a written document evidencing the agreement by a majority of all partners and a written document evidencing the acceptance of office by that person, must be attached to the application.

(Attachment to Registration of Change in the Registration of Liquidators)

Article 31 (1) In an application for registration of change in the registration by reason of resignation of a liquidator, a written document evidencing that resignation must be attached to the application.

(2) In an application for registration of change in the name or address of a liquidator, a written document evidencing that change in the registered information must be attached to the application.

(Attachment to Registration of Completion of Liquidation)

Article 32 In an application for registration of completion of liquidation, a written document executed by all partners evidencing that the disposal of the partnership property has been completed must be attached to the application.

(Mutatis Mutandis Application of the Commercial Registration Act)

Article 33 Articles 2 through 5 (Registry Office and Registrar), 7 through 15, 17, 18, 19-2, 19-3, 21 through 24, 26 (General Rules for Registry, etc. and Registration Procedure), 27 (Prohibition on Registration of Identical Trade Names at the Same Location), 51 through 53, 71 paragraph (1) (Registration of the Stock Company), 132 through 137 and 139 through 148 (Correction and cancellation of registration, and miscellaneous provisions) of the Commercial Registration Act (Act No. 125 of 1963), and Article 56 (Commissioning the Registration of Provisional Disposition Suspending Performance of Duties by the Representative of a Juridical Corporation , etc.) of the Civil Provisional Remedies Act (Act No 91 of 1989) apply mutatis mutandis with respect to the registration of a partnership. In application of the foregoing provisions, the phrases "a representative of the juridical person or other executives of the juridical person" and "the location of the head office or principal office (with respect to foreign corporations, the location of each office)" in Article 56 of the Civil Preservation Act are respectively replaced with "an unlimited liability partner or a liquidator of the investment limited partnership" and "the location of the principal office of the investment limited partnership".

Chapter VII Penal Provisions

Article 34 In the following cases, unlimited liability partners or liquidators are punished by a civil fine of no more than 1,000,000 yen:

- (i) if they fail to perform the registrations required by this Act; or
- (ii) if they fail to maintain the required documents, fail to record the required information in these documents or record false information, or refuse to allow inspection or copying of these documents without legitimate grounds, in violation of the provisions of Article 8.

Article 35 Any person who violate the provisions of Article 8, paragraph (1) of the Companies Act, as applied mutatis mutandis pursuant to Article 5, paragraph (3) of this Act, is punished by a civil fine of no more than 200,000 yen.