

Limited Partnership Act for Investment

(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 supply of funds to enterprises and to project their sound growth and development by establishing a system of partnership agreements to be used for making investment in enterprises, which provide for separate categories of unlimited liability partners and limited liability partners, thereby contributing to enhance the economic vitality of Japan.

(Definitions)

Article 2 (1) The term "enterprise" as used in this Act means a corporation (excluding a foreign corporation (excluding a corporation provided by Cabinet Order as having its management substantially controlled or significantly influenced by corporations established under the laws of Japan or Japanese people; the same applies in item (xi) of paragraph (1) of the following Article)) and 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 an investment limited partnership as stated in paragraph (1) of the following Article.

(Investment Limited Partnership Agreement)

Article 3 (1) An investment limited partnership agreement (below 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 upon their establishment, and acquisition and holding of equity shares issued by limited liability companies or enterprise cooperatives upon their establishments;
- (ii) acquisition and holding of shares or share options (excluding share options attached to bond with share options; below the same applies) issued by stock companies, or acquisition and holding of equity shares of limited liability companies or enterprise cooperatives;
- (iii) acquisition and holding of securities stated 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 stated 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 provided by Cabinet Order as contributing to the financing of an enterprise, such as bonds (below 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 below in this paragraph) which is issued for an enterprise;
- (vi) 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, below 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 provided 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, pursuant to the provisions of Cabinet Order, to the extent not to hinder the business activities stated in any of the preceding items; or
 - (xii) investment of surplus funds in the course of business to be made in accordance with the manner provided 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 stated by items (i) through (iii), item (vi) or item (viii) of the preceding paragraph are, with respect to a corporation provided by Cabinet Order under paragraph (1) of the preceding Article, are to include similar ones that are governed by laws and regulations of a foreign country.
- (3) The written contract of the partnership agreement (below 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 contribution;
 - (vi) the date on which the partnership agreement takes effect; and
 - (vii) the period of duration 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 character "投資事業有限責任組合" (pronounced " toshi jigyo yugen sekinin kumiai", meaning "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, first and last 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 obligations of the partnership that are incurred upon or after the use of any of the names.

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 contribution must be uniform.

(Manner of Decision-Making and Execution of the Partnership Business)

- Article 7 (1) The unlimited liability partners decide and execute the business of the partnership.
- (2) If there are two or more unlimited liability partners, the execution of the partnership's business is decided 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) If 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 if any person other than the unlimited liability partners conducts a business activity other than those listed in the same paragraph.

(Representation of the Partnership)

- Article 7-2 (1) When an unlimited liability partner executes 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 provisions of the preceding paragraph, each of the unlimited liability partners may solely represent the other partners when conducting 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; below 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 provisions of the preceding paragraph, if a limited liability partner has misled a third party into believing that the partner was duly authorized to execute the business of the partnership, the limited liability partner has the same liability as the unlimited liability partners in relation to the third party which entered into a transaction with the partnership on the basis of that false belief.

(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 provisions of the preceding paragraph, the limited liability 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 for unavoidable circumstances.

(Involuntary Withdrawal)

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

- (i) death;
- (ii) order to commence bankruptcy proceedings;
- (iii) ordered to commence guardianship; or
- (iv) expulsion.

Chapter IV Dissolution and Liquidation of a Partnership

(Grounds for Dissolution)

Article 13 A partnership is dissolved based on any of the following grounds; provided, however, that with respect to the ground listed in item (ii) this does not apply, if new unlimited liability partners or limited liability partners are admitted by unanimous consent of the remaining partners within two weeks of triggering the ground and if the dissolution has not yet been registered:

- (i) if the business that is the object of the partnership has been successfully completed or if it is impossible for that business to be successfully completed;
- (ii) if all of the unlimited liability partners or all of the limited liability partners withdraw;
- (iii) when the period of duration of the partnership expires; or
- (iv) if any ground other than those listed in the preceding three items is prescribed to be a ground for dissolution in the partnership agreement, triggering of that ground.

(Liquidators)

Article 14 If 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 (Non-Performance of Other Partners, Nullity of Manifestation of Intention by One Partner Co-Ownership in Partnership Property and Responsibility for Failure to Provide Monetary Contribution), 671 through 674 (Mutatis Mutandis Application of Provisions on Mandates, Resignations and Dismissals of Partners Who Execute Business , Inspections by Partners of Status of Partnership Business and Property, and Proportions of Partners' Distributions of Profits and Losses), 675 paragraph (1) (Exercise of Right of Obligees of Partnership), 676 through 677-2 (Disposition of Partners' Interests and Division of Partnership Property, Prohibition of Exercise of Rights by Obligees of Partners Against Partnership Property, and Admission of Partners), 680 through 681 (Expulsion of Partners, Liability of Withdrawing Partner, and Interests of Withdrawing Partners), 683 (Request for Dissolution of Partnerships), 684 (Effect of Cancellation of Partnership Contracts), 687 (Resignations and Dismissals of Liquidators Who Are Partners) and 688 (Duties and Authority of Liquidators and Method of Division 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;
- (iv) the location of the offices of the partnership; and
- (v) if any ground other than those listed in Article 13, items (i) through (iii) is prescribed as a ground for dissolution in the partnership agreement, that ground.

(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 Principal Office Relocation to Another District)

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 provisions of Article 13, the dissolution must be registered 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 having jurisdiction over the location of the principal office of a partnership takes charge of the administrative processes related to the registration of the partnership agreement as the registry office having

jurisdiction over the matter.

(2) A register of investment limited partnership agreement 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) If the unlimited liability partner or liquidator who applies for registration pursuant to the preceding paragraph is a corporation, a certificate evidencing the qualification to represent the corporation 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 fact that the partnership agreement is in full force and effect.

(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 ground triggering the 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 Offices and Registrar), 7 through 15, 17, 18, 19-2, 19-3, 21 through 24, 26 (General Rules for Registry and Registration Procedure), 27 (Prohibition on Registration of Identical Trade Name 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 Corporation) 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 corporation or other executives of the corporation " 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 register as required by this Act; or
- (ii) if they fail to maintain required documents, fail to make required entries into these documents or make false entries, or refuse to allow inspection or copying of these documents without just cause, 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.