

Act on Promotion of Private Finance Initiative

(Act No. 117 of July 30, 1999)

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Chapter I General Provisions

(Purpose)

Article 1 The purpose of this Act is to improve the social infrastructure efficiently and effectively and to ensure affordable and good services are provided to the people by taking measures to promote the provision, etc. of public facilities, etc., utilizing private finance, management abilities, and

technical capabilities, thereby contributing to a sound development of the national economy.

(Definitions)

Article 2 (1) The term "public facility, etc." as used in this Act means the following facilities (including equipment):

- (i) roads, railways, ports and harbors, airports, rivers, parks, water supply systems, sewage systems, industrial water supply systems, and other public facilities;
 - (ii) government buildings, housing, and other official facilities;
 - (iii) educational and cultural facilities, sports facilities, meeting facilities, waste treatment facilities, medical facilities, social welfare facilities, offender rehabilitation facilities, parking, underground malls, and other public interest facilities, as well as rental housing;
 - (iv) information and communications facilities, heat supply facilities, facilities for new energy, recycling facilities (excluding waste treatment facilities), tourist facilities, and research facilities;
 - (v) vessels, aircraft, and other transportation facilities, and artificial satellites (including the facilities necessary for operating these facilities);
 - (vi) other facilities equivalent to the facilities stated in the above items, as specified by Cabinet Order.
- (2) The term "specified project" as used in this Act means a project (including an urban redevelopment project, a land readjustment project, or any other urban development project) in which a public facility, etc. is provided, etc. (meaning construction, manufacturing, improvement, maintenance and management, or operation of a public facility, etc., or planning of this work, and includes providing services to the people; the same applies below) efficiently and effectively by utilizing private finance, management abilities, and technical capabilities.
- (3) The term "administrator, etc. of a public facility, etc." as used in this Act means the following persons:
- (i) the head of each ministry and national agency who is the administrator of a public facility, etc. (the Chairperson of the House of Representatives, the Chairperson of the House of Councilors, the Chief Justice of the Supreme Court, the President of the Board of Audit, and ministers; the same applies below), or ministers having administrative jurisdiction over a specified project;
 - (ii) the head of a local government who is an administrator of a public facility, etc., or the head of a local government who is going to implement a specified project; and
 - (iii) an independent administrative agency, a corporation having a special

- status, and any other public corporation (including any association formed to carry out an urban redevelopment project, a land readjustment project, or any other urban development project; referred to below as a "public corporation") in charge of the provision, etc. of a public facility, etc.
- (4) The term "selected project" as used in this Act means a specified project selected pursuant to the provisions of Article 7.
- (5) The term "appointed business operator" as used in this Act means a person appointed to implement a selected project pursuant to the provisions of Article 8, paragraph (1).
- (6) The term "public facility, etc. operation project" as used in this Act means a specified project in which, once the right to operate the public facility, etc. under the provisions of Article 16 is established, the administrator, etc. of the public facility, etc. conducts operation, etc. (meaning the operation, maintenance and management, and planning of that work, and includes providing services to the people; the same applies below) the public facility, etc. (limited to a facility that charges usage fees (meaning fees for usage of the public facility, etc.; the same applies below)) of which the administrator, etc. of the public facility, etc. has the ownership (excluding the ownership of the premises of the buildings and other structures that are part of the public facility, etc.; the same applies in Article 29, paragraph (4)) and for which usage fees the administrator receives as their own income.
- (7) The term "right to operate a public facility, etc." as used in this Act means the right to implement the public facility, etc. operation project.

(Basic Principles)

- Article 3 (1) When implementing a project in which the provision, etc. of a public facility, etc. is conducted, its implementation is to be entrusted to a private business operator whenever possible, if the project is suitable to be entrusted, and when deciding whether that project is suitable to be entrusted, the following factors are to be taken into consideration: appropriate division of roles between the national government and local governments (including a public corporation related to the national or local governments; the same applies below in this Article and Article 77) on the one hand and private business operators on the other hand; efficient use of public funds; improvement in the efficiency of public administration, and efficient utilization of property owned by the national and local governments, and; whether the revenue, etc. generated by the project will prove sufficient to pay the costs involved.
- (2) When a specified project is implemented, the sharing of responsibility between the national government and local governments on the one hand and private business operators on the other hand must be clearly defined,

profitability of the project must be maintained, and interference with private businesses from the national government and local governments must be kept to a minimum in order to fully utilize the technology and managerial resources and innovations, etc. of private business operators, for the purpose of providing affordable and good services to the people.

Chapter II Basic Policy

- Article 4 (1) The government must determine the basic policy for the implementation of specified projects (referred to below as the "basic policy") in accordance with the basic principles.
- (2) The basic policy is to provide for the following matters regarding the implementation of specified projects (for specified projects implemented by local governments, the matters necessary for a sound and efficient promotion of specified projects):
- (i) basic matters regarding utilization of private finance, management abilities, and technical capabilities in accordance with the purpose of the provisions of paragraph (1) of the preceding Article in the business related to the provision, etc. of a public facility, etc.;
 - (ii) basic matters regarding the selection of a specified project based on proposals from private business operators and other basic matters regarding the selection of a specified project;
 - (iii) basic matters regarding a call for and selection of private business operators;
 - (iv) basic matters to ensure an appropriate and reliable implementation of a project such as clarification of the responsibilities of the private business operator;
 - (v) basic matters regarding the right to operate the public facility, etc.;
 - (vi) basic matters regarding the legislative and tax measures, and regarding fiscal or financial support; and
 - (vii) other basic matters regarding the implementation of a specified project.
- (3) The basic policy must be determined in consideration of the following matters:
- (i) a specified project is to be selected to produce results such as using funds efficiently by reducing the costs of a project, etc., reforming public administration approaches to providing services for the people, and creating business opportunities for the private sector, while ensuring that the provision of a public facility, etc. is beneficial for the public and safe, and, at the same time, respecting the autonomy of private business operators;
 - (ii) a private business operator is to be selected in a transparent process such as an open competition, while respecting the innovations of private business operators; and

- (iii) fiscal support is to be founded on measures based upon the current system or on equivalent measures.
- (4) The Prime Minister must request a cabinet decision on a draft of the basic policy.
- (5) When a cabinet decision under the provisions of the preceding paragraph has been made, the Prime Minister must make the basic policy public without delay and send it to the heads of ministries and national agencies.
- (6) The provisions of the preceding two paragraphs apply mutatis mutandis to a change in the basic policy.
- (7) A local government is to take the measures necessary for a smooth implementation of a specified project based on the basic principles, and in consideration of the basic policy and the matters stated in each item in paragraph (3), while making the most of regional innovations.

Chapter III Implementation of a Specified Project

(Implementation Policy)

- Article 5 (1) When the administrator, etc. of a public facility, etc. intends to select a specified project referred to in Article 7 or to select a private business operator referred to in Article 8, paragraph (1), the administrator, etc. may determine the policy for the implementation of a specified project (referred to below as the "implementation policy") in accordance with the basic policy.
- (2) The implementation policy is to specifically prescribe the following matters for a specified project:
- (i) matters related to the selection of the specified project;
 - (ii) matters related to a call for and selection of private business operators ;
 - (iii) matters necessary to ensure an appropriate and reliable implementation of the project, such as clarification of the responsibilities of a private business operator;
 - (iv) matters related to the location, size, and layout of a public facility, etc.
 - (v) matters related to the measures to be taken when questions arise over the interpretation of a project contract (meaning a contract entered into by the administrator, etc. of a public facility, etc. and the appointed business operator in order to implement the selected project (excluding a public facility, etc. operation project); the same applies below.);
 - (vi) matters related to measures to be taken when it proves difficult to continue a project; and
 - (vii) matters related to legislative and tax measures, and fiscal and financial support.
- (3) When the administrator, etc. of a public facility, etc. has determined the implementation policy, the administrator, etc. is to endeavor to release it

without delay.

- (4) The provisions of the preceding paragraph apply mutatis mutandis to changes in the implementation policy (excluding changes in the implementation policy pursuant to the provisions of Article 19-2, paragraph (2)).

(Proposals to Formulate an Implementation Policy)

Article 6 (1) A private business operator that intends to implement a specified project may submit a proposal to determine an implementation policy for the specified project to the administrator, etc. of a public facility, etc. In this case, the private business operator must attach a proposal for the specified project, documents showing the result of the evaluation of the impact and efficiency of the specified project, and other documents specified by Cabinet Office Order.

- (2) The administrator, etc. of a public facility, etc. who has received a proposal under the preceding paragraph must take the proposal into consideration and notify the private business operator of the result without delay.

(Selection of a Specified Project)

Article 7 When the administrator, etc. of a public facility, etc. has released an implementation policy pursuant to the provisions of Article 5, paragraph (3) (including when it applies mutatis mutandis pursuant to paragraph (4) of that Article), the administrator, etc. may select a specified project which, based on the basic policy and the relevant implementation policy, the administrator, etc. finds suitable to be implemented.

(Selection of a Private Business Operator)

Article 8 (1) When an administrator, etc. of the public facility, etc. has selected a specified project pursuant to the provisions of the preceding Article, the administrator, etc. is to select a private business operator which will implement that specified project by methods such as public offerings for participation.

- (2) From among the projects which would normally be implemented by the administrator, etc. of the public facility, etc. as stated in the preceding paragraph, the private business operator selected pursuant to the provisions of that paragraph may conduct the provision, etc. of a public facility, etc. which was to be provided by the private business operator based on the project contract (if the right to operate the public facility, etc. has been established pursuant to the provisions of Article 16, the private business operator may operate, etc. of the public facility, etc. based on the right to operate the public facility, etc.).

(Grounds for Disqualification)

Article 9 Any person that falls under any of the following items may not respond to a call for private business operators to implement a specified project:

- (i) any person that is not a corporation;
- (ii) any corporation that has been ordered to commence bankruptcy proceedings and has not been released from bankruptcy restrictions, or any corporation treated in the same manner under the laws and regulations of a foreign country;
- (iii) any corporation which has had its right to operate a public facility, etc. revoked pursuant to the provisions of Article 29, paragraph (1) (limited to the part relating to item (i) of that paragraph; the same applies below) and five years have not elapsed from the date of the revocation;
- (iv) if a person that has the right to operate a public facility, etc. (referred to below as the "holder of the right to operate a public facility, etc.") has had its right to operate the public facility, etc. revoked pursuant to the provisions of Article 29, paragraph (1), any corporation which was the parent company, etc. (meaning a corporation specified by Cabinet Order as one whose affiliation with another corporation enables it to substantially control the management of that other corporation; same applies in item (vii)) and a holder of the right to operate a public facility, etc. at the time when the facts that were the cause for that revocation emerged, and five years have not yet elapsed from the date of the revocation;
- (v) any corporation whose officers fall under any of the following:
 - (a) any person who has been ordered to commence bankruptcy proceedings and has not been released from bankruptcy restrictions, or any person treated in the same manner under the laws and regulations of a foreign country;
 - (b) any person who has been sentenced to imprisonment without work or a heavier punishment (including any equivalent punishment under the laws and regulations of a foreign country) and five years have not yet passed from the day on which the person finished serving the sentence or ceased to be subject to the sentence; or
 - (c) any person who is a member of an organized crime group specified in Article 2, item (vi) of the Act on Prevention of Unjust Acts by Organized Crime Group Members (Act No. 77 of 1991) (referred to as a "member of an organized crime group" below in this Article), or a person for whom five years have not yet passed from the day on which they ceased to be a member of an organized crime group;
 - (d) if a holder of the right to operate public facility, etc. has had its right to operate a public facility, etc., revoked pursuant to the provisions of Article 29, paragraph (1), any person who was an officer of the holder of the right to operate a public facility, etc. within a thirty-day period before the date

- of the revocation, and five years have not yet passed from the date of revocation; or
- (e) a person specified by Cabinet Office Order as being unable to properly perform their duties due to mental or physical disorder;
 - (f) any person who is a minor that does not have the same capacity to conduct business transactions as an adult and whose legal representative falls under any of the items (a) through (e);
 - (vi) any corporation whose business activities are controlled by a person who is a member of an organized crime group or for whom five years have not yet passed from the day on which the person ceased to be a member of an organized crime group; or
 - (vii) any corporation whose parent company, etc. falls under any of the items (ii) through (vi).

(Technical Proposals)

- Article 10 (1) The administrator, etc. of a public facility, etc. must endeavor to seek technical or creative proposals for a specified project (referred to as "technical proposals" below in this Article) from those who intend to respond to a call before the selection of a private business operator under Article 8, paragraph (1).
- (2) When technical proposals are made, the administrator, etc. of a public facility, etc. is to examine and evaluate those proposals in a suitable manner.
 - (3) The provisions of the main clause of Article 15, paragraph (5), Article 16, the first sentence of Article 17, paragraph (1), Article 18, paragraph (1) and paragraph (2), and Article 19 of the Act on Promoting Quality Assurance in Public Works (Act No. 18 of 2005) apply mutatis mutandis to technical proposals. In this case, any necessary deemed replacement of technical terms is to be specified by Cabinet Order.

(Objective Evaluation)

- Article 11 (1) The administrator, etc. of a public facility, etc. must carry out an objective evaluation (including an evaluation of the effectiveness and efficiency of the specified project) when selecting a specified project pursuant to Article 7 or a private business operator pursuant to Article 8, paragraph (1), and must release the results of that evaluation.
- (2) When the administrator, etc. of a public facility, etc. selects a private business operator pursuant to Article 8, paragraph (1), the administrator, etc. must evaluate the operator principally by the price, the quality of the services provided to the people, and other conditions, in order to fully utilize the technology and managerial expertise and innovations of the private business operator and to provide affordable and good services to the people.

(Resolution by Council of a Local Government)

Article 12 Before a local government enters into a project contract the type and amount of which fall under the criteria specified by Cabinet Order, a resolution by its council must be reached in advance.

(Consideration for Designation of the Designated Administrator)

Article 13 If the provisions of Article 244-2, paragraph (3) of the Local Autonomy Act (Act No. 67 of 1947) are to be applied to the administration of a public facility, etc. provided pursuant to this Act, a local government is to consider the matters provided in paragraphs (4) through (6) of that Article in order to promote a smooth implementation of the selected project, and is to endeavor to clarify in advance how to treat the selected project if paragraph (11) of that Article applies.

(Implementation of Selected Project)

- Article 14 (1) A selected project (excluding a public facility, etc. operation project) is to be carried out in accordance with its project contract, based on the basic policy and the relevant implementation policy (if the implementation policy has been changed pursuant to the provisions of Article 5, paragraph (4), the changed policy).
- (2) A selected project (limited to a public facility, etc. operation project) is to be carried out in accordance with its agreement on the exercise of right to operate a public facility, etc. (meaning the agreement on the right to operate a public facility, etc., provided in Article 22, paragraph (1); the same applies in the following paragraph), based on the basic policy and the relevant implementation policy (if the implementation policy has been changed pursuant to the provisions of Article 5, paragraph (4) or pursuant to the provisions of Article 19-2, paragraph (2), the changed policy).
- (3) When the appointed business operator is a corporation whose capital injection or contribution has been made by the national government or a local government (including a corporation whose capital injection or contribution has been made by the publicly-funded corporation), special care must be taken to ensure that the responsibilities of the appointed business operator are clear, and the share of responsibility between the appointed business operator and the administrator, etc. of a public facility, etc. must be clearly defined in the project contract or the agreement on the exercise of right to operate a public facility, etc.

(Release of the Prospect of Formulation of the Implementation Policy)

Article 15 (1) Each fiscal year, the administrator, etc. of a public facility, etc.

must release the matters specified by Cabinet Office Order regarding the prospect of formulation of the implementation policy for that business year, pursuant to the provisions of Cabinet Office Order; provided, however, that this does not apply, if there is no prospect for that fiscal year.

- (2) If an administrator, etc. of the public facility, etc. changes the matters regarding the prospect in the preceding paragraph, the administrator, etc. must release the matters after the change, pursuant to the provisions of Cabinet Office Order.
- (3) If an administrator, etc. of the public facility, etc. enters into a project contract, the administrator, etc. must release the contents of the project contract (limited to the name and location of the public facility, etc., the trade name or name of the appointed business operator, details of the provision, etc. of the public facility, etc., contract period, matters regarding the measures to be taken when it proves difficult to continue the project and other matters specified by Cabinet Office Order) without delay, pursuant to the provisions of Cabinet Office Order.
- (4) The provisions of the preceding three paragraphs do not preclude a local government from establishing the necessary provisions by Prefectural or Municipal Ordinance with regard to the release of information on the prospect of formulation of the implementation policy or information on the contents of the project contract, in addition to information to the matters provided in the preceding three paragraphs.

(Confirmation of Interpretation and Application)

- Article 15-2 (1) The administrator, etc. of a public facility, etc. (excluding the persons stated in Article 2, paragraph (3), item (i); the same applies below in paragraph (6) of this Article) or any private business operator that implements or intends to implement a specified project may request from the Prime Minister a confirmation regarding the details of support measures for the specified project that the administrator, etc. or the private business implements or intends to implement, regarding the interpretation of the provisions of the law governing the regulations related to that specified project (including orders (including public notices) based on the law; the same applies in paragraphs (2) and (3)), and whether or not those support measures or provisions apply to the specified project (collectively referred to below as "details, etc. of support measures" in paragraphs (2) and (3)).
- (2) When the Prime Minister receives a request under the preceding paragraph, the Prime Minister is to respond to the person who made the request without delay, if the requested confirmation of the details, etc. of support measures is related to the affairs or the laws under the Prime Minister's jurisdiction.
 - (3) When the Prime Minister receives a request under the provisions of

paragraph (1), the Prime Minister is to request a confirmation from the head of an administrative organ (if the administrative organ is one based on the council system, that administrative organ; the same applies below in this paragraph and Article 85) without delay, if the requested confirmation of the details, etc. of support measures is related to the affairs under the administrative jurisdiction or the laws under the jurisdiction of the head of the relevant administrative organ. In this case, the head of the relevant administrative organ who has received the request for confirmation is to respond to the Prime Minister without delay.

- (4) When the Prime Minister receives a response under the provisions of the preceding paragraph, the Prime Minister is to notify the person who made the request under the provisions of paragraph (1) and at whom the response is directed of the contents of the response without delay.
- (5) When making a response under the provisions of paragraph (2) or a notification under the provisions of the preceding paragraph, the Prime Minister is to report the details of that response or notification to the Committee for the Promotion of Private Finance Initiatives.
- (6) Beyond the provisions of paragraphs (2) and (4), the Prime Minister may, in order to promote a smooth and efficient implementation of a specified project, provide necessary advice at the request of the administrator, etc. of a public facility, etc. or any private business operator that implements or intends to implement the specified project.
- (7) If the Prime Minister finds it necessary when providing advice under the preceding paragraph, the Prime Minister may request opinions from the Committee for the Promotion of Private Finance Initiatives.

(Collection of Reports)

Article 15-3 If the Prime Minister finds it necessary in order to ensure an appropriate and reliable implementation of a specified project, the Prime Minister may request reports, or provide advice or recommendations to the administrator, etc. of a public facility, etc. for matters provided in the implementation policy or other matters related to the implementation of the specified project;

Chapter IV Right to Operate a Public Facility

(Granting the Right to Operate a Public Facility)

Article 16 An administrator, etc. of the public facility, etc. may grant the right to operate a public facility, etc. to a selected business operator.

(Adding Matters Listed in the Implementation Policy on the Right to Operate a

Public Facility)

Article 17 When selecting a private business operator to which the right to operate a public facility, etc. is to be granted, the administrator, etc. of a public facility, etc. is to determine the following matters in the implementation policy, in addition to the matters stated in the items of Article 5, paragraph (2):

- (i) that the right to operate a public facility, etc. is to be granted to the appointed business operator;
- (ii) details of the operation, etc. of the public facility, etc. for which the right to operate a public facility, etc. is to be granted;
- (iii) duration of the right to operate a public facility, etc.;
- (iv) when collecting the amount equivalent to the expenses pursuant to the provisions of Article 20, that fact (if the amount to be collected is determined in advance, the fact that the amount equivalent to the expenses will be collected and the amount);
- (v) matters to be provided in the agreement on the exercise of right to operate a public facility, etc. under Article 22, paragraph (1), and matters regarding the measures to be taken when any doubt arises in connection with the interpretation of the matters to be provided in the agreement; and
- (vi) matters regarding the usage fee.

(Prefectural or Municipal Ordinances on the Implementation Policy)

Article 18 (1) When determining the matters in the implementation policy pursuant to the provisions of the preceding Article, the administrator, etc. of a public facility, etc. (limited to the head of the local government) is to determine the implementation policy pursuant to the provisions of Prefectural or Municipal Ordinance.

- (2) In the Prefectural or Municipal Ordinance in the preceding paragraph, procedures for selecting a private business operator, operational standards and scope of the work that are part of the operation, etc. of the public facility, etc. conducted by the holder of the right to operate a public facility, etc., matters related to the usage fees, and other necessary matters are to be provided.

(Timing of Granting the Right to Operate a Public Facility)

Article 19 (1) When the administrator, etc. of a public facility, etc. has determined the matters stated in the items of Article 17 in the implementation policy pursuant to the provisions of that Article and has selected a private business operator pursuant to the provisions of Article 8, paragraph (1), the administrator, etc. of a public facility, etc. is to grant the right to operate a public facility, etc. to the appointed business operator in accordance with the implementation policy, and do so without delay (if the specified project provided in the implementation policy includes any project related to

construction, manufacturing, or improvement of a public facility, etc., immediately after the construction, manufacturing, or improvement is completed).

- (2) The right to operate the public facility, etc. must be granted after clarifying the following matters:
 - (i) the name, location, scale, and layout of the public facility, etc.; or
 - (ii) the matters stated in Article 17, items (ii) and (iii).
- (3) If the administrator, etc. of a public facility, etc. grants the right to operate a public facility, etc. pursuant to the provisions of paragraph (1), the administrator, etc. must release that fact and the name, location, and the matters stated in item (ii) of the preceding paragraph related to the public facility, etc. for which the right to operate a public facility, etc. has been granted.
- (4) If the administrator, etc. of a public facility, etc. intends to grant the right to operate a public facility, etc. pursuant to the provisions of paragraph (1), the administrator, etc. (limited to the heads of local governments) must do so through a resolution to be reached by the local council in advance.

(Changes Based on a Proposal for Changes to the Implementation Policy on the Right to Operate a Public Facility)

- Article 19-2 (1) If a holder of the right to operate a public facility, etc. intends, for the purpose of providing affordable and good services to the people, to perform construction work as part of maintenance and management of the public facility, etc. for which the right to operate a public facility, etc. has been granted, and finds it necessary to change matters concerning the scale or layout of the public facility, etc. stated in Article 5, paragraph (2), item (iv) of the implementation policy on the right to operate a public facility, etc. (if the implementation policy has been changed pursuant to the provisions of paragraph (4) of that Article or pursuant to the provisions of the following paragraph, the changed implementation policy; the same applies below), the holder of the right to operate a public facility, etc. may submit a proposal for changes to the matters (referred to below as a "proposal for changes" in this Article) to the administrator, etc. of the public facility, etc. In this case, the holder of the right to operate a public facility, etc. must attach to the proposal for changes a draft of the changes in the implementation policy related to the proposal for changes, documents indicating the results of an evaluation of the increase in effectiveness and improvement in efficiency as a result of the construction work performed on the public facility, etc. operation project, and other documents specified by Cabinet Office Order.
- (2) The administrator, etc. of a public facility, etc. who has received a proposal for changes must take the proposal for changes into consideration without

delay, and if the administrator, etc. finds that the construction work to be performed on the public facility, etc. related to the proposal for changes is unlikely to hinder ensuring an appropriate and reliable implementation of the public facility, etc. operation project and is necessary for providing affordable and good services to the people, the administrator, etc. may change the implementation policy so that it reflects the contents of the draft of the proposed changes to the implementation policy related to the proposal for changes.

- (3) If the administrator, etc. of a public facility, etc. who has received a proposal for changes finds it unnecessary to change the implementation policy pursuant to the provisions of the preceding paragraph, the administrator, etc. must notify the holder of the right to operate a public facility, etc. who made the proposal for changes of that decision and the reasons for it without delay.
- (4) When the administrator, etc. of a public facility, etc. has changed the implementation policy pursuant to the provisions of paragraph (2), the administrator, etc. must release the changed implementation policy without delay.

(Collection of Expenses)

Article 20 In accordance with the implementation policy, the administrator, etc. of a public facility, etc. may collect all or part of the amount equivalent to the expenses of the construction, manufacturing, or improvement from the holder of the right to operate a public facility, etc. (limited to a holder of the right to operate a public facility, etc. who has not performed any construction, manufacturing, or improvement work on the public facility, etc. for which the right to operate a public facility, etc. has been granted)

(Obligations Related to Starting a Public Facility Operation Project)

- Article 21 (1) A holder of the right to operate a public facility, etc. must start a public facility, etc., operation project within the period specified by the administrator, etc. of the public facility, etc.
- (2) The administrator, etc. of a public facility, etc. may extend the period prescribed in the preceding paragraph if the holder of the right to operate a public facility, etc. requests an extension and if the administrator, etc. finds that there are legitimate grounds for it.
 - (3) If a holder of the right to operate a public facility, etc. starts a public facility, etc., operation project, the holder of the right must notify the administrator, etc. of the public facility, etc. of that fact without delay.

(Agreement on the Exercise of Right to Operate a Public Facility)

Article 22 (1) A holder of the right to operate a public facility, etc. must, in

accordance with the implementation policy, enter into a contract that includes the following matters with the administrator, etc. of the public facility, etc. as specified by Cabinet Office Order, (referred to below as the "agreement on the exercise of right to operate a public facility, etc.") before starting a public facility, etc., operation project:

- (i) the method of operation, etc. of the public facility, etc.;
 - (ii) matters regarding the measures to be taken when it proves difficult to continue the public facility, etc., operation project;
 - (iii) when prescribing general conditions for using the public facility, etc., the decision-making procedures and release method;
 - (iv) when having a dispatched official (meaning an official dispatched by the national government under Article 78, paragraph (1) or an official dispatched by a local government provided in Article 79, paragraph (1); the same applies below in this item) engage in work related to the project, the details of the work, the period for which the dispatched official is to engage in the work, and any other matters necessary for having the dispatched official engage in the work; and
 - (v) other matters specified by Cabinet Office Order.
- (2) Having entered into an agreement on the exercise of right to operate a public facility, etc., an administrator, etc. of the public facility, etc. must release without delay the contents (limited to the trade name or name of the holder of the right to operate a public facility, etc., the matters stated in item (ii) in the foregoing paragraph, and other matters specified by Cabinet Office Order) of the agreement on exercise of the right to operate a public facility, etc., as specified by Cabinet Office Order.
- (3) The provisions of the preceding paragraph do not preclude a local government from prescribing provisions necessary under Prefectural or Municipal Ordinance regarding the release of information related to the agreement on the exercise of right to operate a public facility, etc., in addition to the matters provided in that paragraph.

(Usage Fees of a Public Facility)

- Article 23 (1) A holder of the right to operate a public facility, etc. is to receive usage fees as their own income.
- (2) The usage fees are to be specified by the holder of the right to operate a public facility, etc. in accordance with the implementation policy. In this case, the holder of the right to operate a public facility, etc. must file a notification with the administrator, etc. of the public facility, etc. in advance, stating the usage fees.
- (3) If a public facility, etc. for which the right to operate a public facility, etc. has been granted is a facility for public welfare prescribed in Article 244,

paragraph (1) of the Local Autonomy Act (referred to below simply as "facility for public welfare" in this paragraph and Article 26, paragraph (5)) and a holder of the right to operate a public facility, etc. administers the facility for public welfare as a designated administrator prescribed in Article 244-2, paragraph (3) of that Act (referred to below simply as a "designated administrator" in Article 26, paragraph (5)) (limited to when the period specified in the provisions of Article 244-2, paragraph (5) of that Act does not exceed the duration of the right to operate a public facility, etc.), and if the usage fees of the public facility, etc. specified by the provisions of the preceding paragraph conform to the matters for usage fees provided by Prefectural or Municipal Ordinance under Article 18, paragraph (1) (limited to Prefectural or Municipal Ordinance that provides the scope of the usage fees or other matters specified by Cabinet Office Order as necessary to protect users' interests for the usage fees) and if specifying the usage fees of the public facility, etc. as the usage fees for the facility for public welfare, etc. under Article 244-2 paragraph (8) of that Act is in compliance with the provisions provided by Municipal Ordinance in Article 244-2, paragraph (9) of that Act, the provisions of the second sentence in paragraph (9) of Article 244-2 do not apply to specifying the usage fees of the public facility, etc. as the usage fees for the facility for public welfare under paragraph (8) of Article 244-2.

(Properties of the Right)

Article 24 The right to operate a public facility, etc. is deemed to be a real right and unless otherwise provided in this Act, the provisions on real estate apply *mutatis mutandis*.

(Right as the Object)

Article 25 The right to operate a public facility, etc. may not become the object of a merger of corporations or any other form of general succession, assignment, disposition to collect arrears, judicial enforcement, provisional seizure or provisional disposition, or mortgage, or the object of any other rights.

(Restrictions on Disposition)

Article 26 (1) The right to operate a public facility, etc. may not be split or consolidated.

(2) The right to operate a public facility, etc. may not be transferred without obtaining the permission of the administrator, etc. of a public facility, etc.

(3) When intending to grant the permission in the preceding paragraph, the administrator, etc. of a public facility, etc. must grant the permission after examining whether the transfer conforms to the following criteria:

(i) the person to whom the right to operate the public facility, etc. is to be

- transferred does not fall under any of the items in Article 9; and
- (ii) the transfer of the right to operate a public facility, etc. is appropriate based on the implementation policy.
- (4) When intending to grant the permission referred to in paragraph (2), the administrator, etc. of a public facility, etc. (limited to the head of a local government) must do so through a resolution to be reached by the local council in advance; provided, however, that this does not apply if special provisions are provided by Prefectural or Municipal Ordinance .
- (5) If the public facility, etc. for which the right to operate a public facility, etc. has been granted is a facility for public welfare, and the person who transferred the right to operate a public facility, etc. after obtaining the permission referred to in paragraph (2), was administering the facility for public welfare as a designated administrator at the time of the transfer, and when the person who has been transferred the right to operate the public facility, etc. is designated as the designated administrator of the facility for public welfare (limited to where the special provisions in the proviso of the preceding paragraph are provided and the period specified by the provisions of Article 244-2, paragraph (5) of the Local Autonomy Act does not exceed the duration of the right to operate the public facility, etc.), the phrase "must do so through a resolution to be reached by the local council in advance" in that paragraph is, for the purpose of application of the provisions of paragraph (6) of that Article, deemed to be replaced as "must do so through a resolution to be reached by the local council in advance; provided, however, that this does not apply if special provisions are provided by the Prefectural or Municipal Ordinance in paragraph (3), and in that case, the head of the local government must report the designation to the local council without delay after the designation of the designated administrator." .
- (6) The right to operate a public facility, etc. for which the establishment of a mortgage has been registered may not be waived without the consent of a mortgagee.
- (7) The transfer or waiver of the right to operate a public facility, etc. without obtaining the permission referred to in paragraph (2) or the consent referred to in the preceding paragraph has no effect.

(Registration)

Article 27 (1) Establishment, transfer, change, extinction, and restriction on disposition of the right to operate a public facility, etc. or of a mortgage on the right to operate a public facility, etc., or a suspension or cancellation of a suspension of the exercise of the right to operate a public facility, etc. under Article 29, paragraph (1) is to be registered in the register of the rights to operate a public facility, etc.

- (2) A registration in the register under the preceding paragraph is to substitute the registration in the registry office.
- (3) The provisions of Chapter II and Chapter III of the Administrative Procedure Act (Act No. 88 of 1993) do not apply to the disposition for the registration in the register under paragraph (1).
- (4) The provisions of the Act on Access to Information Held by Administrative Organs (Act No. 42 of 1999) do not apply to the register of the rights to operate a public facility, etc.
- (5) The provisions of Chapter V, Section 4 of the Act on the Protection of Personal Information (Act No. 57 of 2003) do not apply to the retained personal information (meaning retained personal information prescribed in Article 60, paragraph (1) of that Act) that is recorded in the register of the rights to operate a public facility, etc.
- (6) Beyond the matters provided in the preceding paragraphs, the matters necessary for the registration in the relevant register are provided by Cabinet Order.

(Instructions)

Article 28 To ensure that the public facility, etc. operation project is suitable, the administrator, etc. of the public facility, etc. may request reports on the status of the operations or accounting from the holder of the right to operate a public facility, etc., conduct onsite inspections, or give necessary instructions to the holder of the right to operate a public facility, etc.

(Revocation of the Right to Operate a Public Facility)

Article 29 (1) The administrator, etc. of a public facility, etc. may revoke the right to operate a public facility, etc. or order that the exercise of that right be suspended if any of the following items applies:

- (i) r of the right to operate a public facility, etc. falls under any of the following:
 - (a) the person has become the holder of the right to operate a public facility, etc. by deception or other unlawful manner;
 - (b) the person has come to fall under any of the items in Article 9;
 - (c) the person did not start the public facility, etc. operation project within the period specified by the provisions of Article 21, paragraph (1) (if the period has been extended under paragraph (2) of that Article, within the period after the extension);
 - (d) if the public facility, etc. operation project could not be implemented, or it has become clear that the public facility, etc. operation project cannot be implemented;
 - (e) beyond the cases stated in item (d), if there has been a material breach

- related to the matters provided in the agreement on the exercise of right to operate a public facility, etc.;
- (f) without legitimate grounds, the holder of the right to operate a public facility, etc. does not comply with the instructions referred to in the preceding Article;
 - (g) the holder of the right to operate a public facility, etc. breaches the provisions of the laws and regulations relating to the public facility, etc. operation project; or
 - (ii) it becomes unavoidably necessary to revoke the right or suspend its exercise for the public interest for reasons such as providing the relevant public facility, etc. for another public purpose.
- (2) If the administrator, etc. of a public facility, etc. intends to issue an order to suspend the exercise of the right to operate a public facility, etc. under the preceding paragraph, the administrator, etc. must conduct hearings regardless of the categories of the procedures for hearing statements of opinion under Article 13, paragraph (1) of the Administrative Procedure Act.
- (3) If, pursuant to the provisions of paragraph (1), the administrator, etc. of a public facility, etc. intends to revoke the right to operate a public facility, etc. for which the establishment of a mortgage has been registered, the administrator, etc. must notify, in advance, the mortgagee related to that mortgage.
- (4) If the administrator, etc. of a public facility, etc. no longer has the ownership of that public facility, etc., the right to operate that public facility, etc. will lapse.

(Compensation for the Holder of the Right to Operate a Public Facility)

- Article 30 (1) The administrator, etc. of a public facility, etc. must compensate a person that is or has been a holder of the right to operate a public facility, etc. (referred to below simply as "holder of the right to operate a public facility, etc." in this Article), who has incurred a loss due to the revocation of the right to operate a public facility, etc. or a suspension of its exercise under paragraph (1) of the preceding Article (limited to item (ii) of that paragraph; the same applies below in this Article), or due to the lapse of the right to operate a public facility, etc. under paragraph (4) of the preceding Article (limited to when there is a cause attributable to the administrator, etc. of the public facility, etc.) for the losses that would ordinarily be incurred.
- (2) Compensation of losses under the preceding paragraph must be discussed by the administrator, etc. of the public facility, etc. and the holder of the right to operate a public facility, etc.
- (3) If the discussion under the preceding paragraph does not result in an agreement, the administrator, etc. of the public facility, etc. must pay the

amount estimated by the administrator, etc. to the holder of the right to operate a public facility, etc.

- (4) A holder of the right to operate a public facility, etc. who is dissatisfied with the amount of compensation in the preceding paragraph may, within six months from the date on which the holder was notified of the decision, file an action demanding an increase of the amount.
- (5) In the action of the preceding paragraph, the administrator, etc. of the public facility, etc. is to be the defendant.
- (6) When there is a mortgage on the right to operate a public facility, etc. which has been revoked pursuant to the provisions of paragraph (1) of the preceding Article or has lapsed pursuant to paragraph (4) of that Article (limited to when the right has lapsed due to a cause attributable to the administrator, etc. of the public facility, etc.), the administrator, etc. of the public facility, etc. must deposit the compensation with an official depository, except when the mortgagee to whom the mortgage is related makes a request indicating that the deposit does not need to be made with an official depository.
- (7) The mortgagee in the preceding paragraph may exercise the rights to have the compensation deposited with an official depository pursuant to the provisions of that paragraph.
- (8) If the loss that resulted in the compensation under paragraph (1) is due to the revocation of the right to operate a public facility, etc. or a suspension of its exercise under paragraph (1) of the preceding Article, the administrator, etc. of the public facility, etc. may charge all or part of the amount of the compensation to the person who is responsible for the reason for the revocation or suspension.

Chapter V Support for Specified Selected Projects by the Private Finance Initiative Promotion Corporation of Japan
Section 1 General Provisions

(Purpose of the Corporation)

Article 31 In light of the severe state of finances of the national government and local governments and with a view to contributing to the promotion of growth of the Japanese economy, and considering the increasing importance of the use of private finance, management abilities, and technical capabilities in the provision, etc. of public facilities, etc., the Private Finance Initiative Promotion Corporation of Japan is to be a stock company whose purpose is, through the provision of funds to complement financing by financial institutions and private investment to a person who implements a specified selected project (meaning a selected project in which a public facility, etc. that collects usage fees is provided, etc. and for which usage fees are received as that person's own

income; the same applies below) or a project that supports a specified selected project (collectively referred to below as "specified selected projects, etc."), to promote the development of the capital market where funds for specified selected projects may be procured, as well as to provide the knowledge and information necessary for implementation of specified selected projects, etc. and provide any other support that contributes to a greater diffusion of specified selected projects, etc., and, by doing so, to promote specified projects in Japan.

(Number of Corporations)

Article 32 Only one Private Finance Initiative Promotion Corporation of Japan (referred to below as the "Corporation") is to be incorporated.

(Shares Owned by the Government)

Article 33 The government must, at all times, hold a number of shares equivalent to 50 percent or more of the total number of shares issued by the Corporation (other than any class of shares that is provided as not allowing voting rights to be exercised with respect to any matter that can be resolved at a shareholders meeting; the same applies below in this Article).

(Approval of Shares, Bonds, and Borrowings)

Article 34 (1) The Corporation must obtain the approval of the Prime Minister if it intends to solicit persons to subscribe for shares for subscription prescribed in Article 199, paragraph (1) of the Companies Act (Act No. 86 of 2005) (referred to as "shares for subscription" in Article 93, item (i)), share options for subscription prescribed in Article 238, paragraph (1) of that Act (referred to as "share options for subscription" in that item), or bonds for subscription prescribed in Article 676 of that Act (referred to below as "bonds for subscription"), to issue shares, bonds, or share options in a share exchange or partial share exchange, or to borrow funds.

(2) When the Corporation issues shares as a result of the exercise of share options, it must notify the Prime Minister of that fact without delay.

(Contributions by the Government)

Article 35 If the government finds it necessary, it may make contributions to the Corporation within the amount specified in the budget.

(Trade Name)

Article 36 (1) The Corporation must use the characters "株式会社民間資金等活用事業推進機構" (pronounced "kabushiki gaisha minkan shikinto katsuyo jigyo suishin kiko", meaning "Private Finance Initiative Promotion Corporation of

Japan") in its trade name.

- (2) No person other than the Corporation may use the characters "民間資金等活用事業推進機構" (pronounced "minkan shikinto katsuyo jigyo suishin kiko", meaning "Private Finance Initiative Promotion Corporation of Japan") in its name.

Section 2 Incorporation

(Information to Be Specified or Recorded in the Articles of Incorporation)

Article 37 (1) Beyond the matters stated in the items of Article 27 of the Companies Act, the following information must be specified or recorded in the articles of incorporation of the Corporation:

- (i) the number of shares issued at the time of incorporation of the Corporation (referred to below as "shares issued at incorporation") (if the Corporation is intended to be incorporated as a company with class shares, those classes and the number of shares in each class);
 - (ii) the amount to be paid in for a share issued at incorporation (meaning the amount of money to be paid in, or assets other than money contributed, in exchange for one share issued at incorporation);
 - (iii) the number of shares issued at incorporation allotted to the government (if the Corporation is to be incorporated as a company with class shares, those classes and the number of shares in each class);
 - (iv) the matters stated in Article 107, paragraph (1), item (i) of the Companies Act;
 - (v) a statement that the Corporation has a board of directors and company auditors; and
 - (vi) a statement that the Corporation dissolves upon completion of the operations stated in the items of Article 52, paragraph (1).
- (2) The following information must not be specified or recorded in the articles of incorporation of the Corporation:
- (i) a statement that the Corporation has an audit and supervisory committee or a nominating committee, etc. provided in Article 2, item (xii) of the Companies Act; and
 - (ii) matters otherwise provided for as prescribed in the proviso of Article 139, paragraph (1) of the Companies Act.

(Approval of Incorporation)

Article 38 The incorporators of the Corporation must prepare the articles of incorporation and must promptly submit the articles of incorporation and a business plan to the Prime Minister to apply for approval of incorporation after subscribing for shares issued at incorporation and allotted to the incorporators.

Article 39 (1) When an application for approval under the preceding Article is filed, the Prime Minister must examine whether or not the application conforms to the following criteria:

- (i) the procedures of the incorporation and the contents of the articles of incorporation conform to the provisions of laws and regulations;
 - (ii) nothing false is specified or recorded in the articles of incorporation, nor is there a false signature or name and seal affixed to the articles of incorporation (including measures that are taken in lieu of the signing or the affixing of names and seals under Article 26, paragraph (2) of the Companies Act); and
 - (iii) it is found with certainty that the operation of the relevant business is soundly performed and contributes to the promotion of specified selected projects in Japan.
- (2) When the Prime Minister finds the application to conform to the criteria stated in the items of the preceding paragraph as a result of an examination performed pursuant to the provisions of that paragraph, the Prime Minister must approve the incorporation.

(Election and Dismissal of Directors and Company Auditors at Incorporation)

Article 40 The election and dismissal of the directors at incorporation provided in Article 38, paragraph (1) of the Companies Act and the company auditors at incorporation provided in paragraph (2), item (ii) of that Article do not become effective without the approval of the Prime Minister.

(Replacement of Terms in the Provisions of the Companies Act)

Article 41 With respect to the application of the provisions of Article 30, paragraph (2), Article 34, paragraph (1), Article 59, paragraph (1), item (i), and Article 963, paragraph (1) of the Companies Act, the phrase "Articles of incorporation that are certified by a notary public pursuant to the preceding paragraph may not be amended before the formation of the stock company" in Article 30, paragraph (2) of that Act is deemed to be replaced with "Articles of incorporation may not be amended before the incorporation of the Private Finance Initiative Promotion Corporation of Japan after the approval referred to in Article 39, paragraph (2) of the Act on Promotion of Private Finance Initiative (Act No. 117 of 1999); referred to below as the "APFFI")"; the phrase "subscription for shares issued at incorporation" in Article 34, paragraph (1) of that act is deemed to be replaced with "the approval referred to in Article 39, paragraph (2) of the APFFI"; the phrase "the date of the certification of the articles of incorporation and the name of the notary public who effected the certification" in Article 59, paragraph (1), item (i) is deemed to be replaced

with "the date of the approval referred to in Article 39, paragraph (2) of the APPFI"; and the phrase "Article 34, paragraph (1)" in Article 963, paragraph (1) of that act is replaced with "Article 34, paragraph (1) (including as applied pursuant to the provisions of Article 41 of the APPFI following the deemed replacement of terms)."

(Exclusion from Application of Provisions of the Companies Act)

Article 42 The provisions of Article 30, paragraph (1) and Article 33 of the Companies Act do not apply to the incorporation of the Corporation.

Section 3 Administration

Subsection 1 Directors

(Approval of Election of Directors and Company Auditors)

Article 43 A resolution on election or dismissal of a director or company auditor of the Corporation does not become effective without the approval of the Prime Minister.

(Directors' Duty of Confidentiality)

Article 44 A director, accounting advisor, company auditor, or employee of the Corporation, or a person who was formerly in that position must not divulge or misappropriate any secret learned in the course of their duties.

Subsection 2 Committee for the Support of the Private Finance Initiative

(Establishment)

Article 45 The Committee for the Support of the Private Finance Initiative (referred to below as the "supporting committee") is established in the Corporation.

(Authority)

Article 46 (1) The supporting committee makes the following decisions:

- (i) decisions on business operators that are to receive the support for specified selected projects, etc. under Article 54, paragraph (1) and the details of the support for specified selected projects, etc.;
- (ii) decisions on dispositions, including transfers of shares, etc. or claims, as referred to in Article 56, paragraph (1); and
- (iii) beyond what is stated in the preceding two items, decisions on the matters that are stated in Article 362, paragraph (4), items (i) and (ii) of the Companies Act and have been delegated to the supporting committee through

a resolution of the board of directors.

- (2) The supporting committee is deemed to have had the decisions on the matters stated in items (i) and (ii) of the preceding paragraph delegated to it by the board of directors.

(Organization)

Article 47 (1) The supporting committee consists of three or more but not more than seven committee members who are directors.

- (2) The committee members must include one or more representative directors and one or more outside directors.
- (3) The committee members are decided through a resolution of the board of directors.
- (4) A resolution on the appointment or removal of a committee member does not become effective without the approval of the Prime Minister.
- (5) The committee members perform their duties independently.
- (6) The supporting committee is to have a chairperson who is elected from among its committee members.
- (7) The chairperson presides over the affairs of the supporting committee.
- (8) The supporting committee must designate in advance a person who performs the duties of the chairperson on the chairperson's behalf if the chairperson is unavailable.

(Administration)

Article 48 (1) The supporting committee is convened by the chairperson (if the chairperson is unavailable, by the person who performs the duties of the chairperson on the chairperson's behalf as provided in paragraph (8) of the preceding Article; the same applies below in this Article).

- (2) The supporting committee may not hold a meeting or vote on a resolution unless the chairman is in attendance and at least two-thirds of all the committee members currently holding office are in attendance.
- (3) Decisions at the supporting committee are effected by a majority of the committee members present. In the event of a tie, the chairperson is to make a decision.
- (4) A committee member with a special interest in the decisions under the preceding paragraph may not participate in the vote.
- (5) The number of committee members who may not participate in the vote pursuant to the provisions of the preceding paragraph is not to be included in the number of the committee members currently holding office as provided in paragraph (2).
- (6) Company auditors must attend the meetings of the supporting committee and, if they find it to be necessary, they must state their opinions.

- (7) A committee member of the supporting committee who has been appointed by the supporting committee must report to the board of directors the content of a resolution under paragraph (3) without delay after the resolution is reached.
- (8) Pursuant to the provisions of Cabinet Office Order, minutes must be prepared, stating the business of the supporting committee, and if the minutes are prepared in writing, the committee members and company auditors who were present at the meeting must sign or affix their names and seals to the minutes.
- (9) If the minutes referred to in the preceding paragraph are prepared in the form of an electronic or magnetic record (meaning a record used in computerized information processing which is created in electronic form, magnetic form, or any other form that cannot be perceived by the human senses; the same applies below in paragraph (2), item (ii) of the following Article), measures must be taken to ensure there is an alternative to the signing or the affixing of the names and seals provided in Cabinet Office Order for the matters recorded in the electronic or magnetic record.
- (10) Beyond what is provided in the preceding paragraphs and the following Article, the procedures for the supporting committee's decisions and other matters necessary for the supporting committee's administration are decided by the supporting committee.

(Minutes)

- Article 49 (1) The Corporation must keep the minutes referred to in paragraph (8) of the preceding Article at its head office for ten years from the date of the meeting of the supporting committee.
- (2) If it is necessary for the exercise of a shareholder's rights, the shareholder may make the following requests with the permission of the court:
 - (i) if the minutes referred to in the preceding paragraph are prepared in writing, a request for inspection or copying of the documents; and
 - (ii) if the minutes referred to in the preceding paragraph are prepared in the form of an electronic or magnetic record, a request for inspection or copying of anything that indicates the matters recorded in the electronic or magnetic record by the method provided in Cabinet Office Order.
 - (3) If it is necessary for enforcing the liability of a committee member, an obligee may make the requests stated in the items of the preceding paragraph with respect to the minutes referred to in paragraph (1), with the permission of the court.
 - (4) If the court finds that the inspection or copying in relation to the requests referred to in the preceding two paragraphs is likely to cause significant damage to the Corporation, it may not give the permission referred to in the preceding two paragraphs.
 - (5) The provisions of Article 868, paragraph (1), Article 869, Article 870,

paragraph (2) (limited to the part regarding item (i)), Article 870-2, the main clause of Article 871, Article 872 (limited to the part regarding item (v)), Article 872-2, the main clause of Article 873, Article 875, and Article 876 of the Companies Act apply mutatis mutandis to the permission referred to in paragraphs (2) and (3).

- (6) A director may make the requests stated in the items of paragraph (2) with respect to the minutes referred to in paragraph (1).

(Registration)

Article 50 (1) When the Corporation appoints a committee member, it must register the name of the committee member at the location of its head office within two weeks. The same applies if there is a change in the name of a committee member.

- (2) In a written application for the registration of the appointment of a committee member under the preceding paragraph, a document evidencing the appointment of a committee member and the appointed committee member's acceptance of the assumption of office must be attached to the written application.

- (3) In a written application for the registration of change due to the resignation of a committee member, a document evidencing that change must be attached to the written application.

- (4) With respect to directors who have been appointed as committee members and are outside directors, the Corporation must register the fact that they are outside directors.

Subsection 3 Amendments to the Articles of Incorporation

Article 51 A resolution on an amendment to the articles of incorporation of the Corporation does not become effective without the approval of the Prime Minister.

Section 4 Operations

Subsection 1 Scope of the Operations

Article 52 (1) The Corporation is to engage in the following operations to achieve its purpose:

- (i) making contributions to business operators that are to receive support (meaning business operators which have become subject to support pursuant to the provisions of Article 54, paragraph (1) (including partnerships formed through a partnership contract provided in Article 667, paragraph (1) of the Civil Code (Act No. 89 of 1896); silent partnerships formed through a silent

- partnership agreement provided in Article 535 of the Commercial Code (Act No. 48 of 1899); investment limited partnerships provided in Article 2, paragraph (2) of the Limited Partnership Act for Investment (Act No. 90 of 1998) or limited liability partnerships provided in Article 2 of the Limited Liability Partnership Act (Act No. 40 of 2005); or organizations formed under laws and regulations of a foreign country which are similar to any of these partnerships; the same applies in paragraph (1) of the following Article and Article 54, paragraph (1)); the same applies below);
- (ii) contribution of funds (meaning the funds provided in Article 131 of the Act on General Incorporated Associations and General Incorporated Foundations (Act No. 48 of 2006)) to business operators that are to receive support;
 - (iii) loaning of funds to business operators that are to receive support;
 - (iv) acquisition of securities (meaning the securities provided in Article 2, paragraph (1) of the Financial Instruments and Exchange Act (Act No. 25 of 1948) and anything deemed to be securities pursuant to the provisions of paragraph (2) of that Article; the same applies in item (viii)) issued by business operators that are to receive support;
 - (v) acquisition of monetary claims against business operators that are to receive support and monetary claims held by those business operators;
 - (vi) dispatch of experts to the administrator, etc. of a public facility, etc. who formulates or intends to formulate an implementation policy for a specified selected project or to private business operators which implement or intend to implement a specified selected project, etc.;
 - (vii) provision of advice to the administrator, etc. of a public facility, etc. who formulates or intends to formulate an implementation policy for a specified selected project or to private business operators which implement or intend to implement a specified selected project, etc.;
 - (viii) dispositions, including transfer of shares, share options, equity, or securities (referred to as "shares, etc." in Article 56) which the Corporation holds;
 - (ix) administration and dispositions, including transfer, of claims;
 - (x) necessary negotiations and investigations related to the operations stated in the preceding items;
 - (xi) investigation and provision of information necessary to promote the specified project;
 - (xii) operations incidental to the operations stated in the preceding items; and
 - (xiii) beyond what is stated in the preceding items, operations necessary to achieve the purpose of the Corporation.
- (2) When the Corporation intends to engage in the operations stated in item (xiii) of the preceding paragraph, it must obtain the approval of the Prime Minister in advance.

Subsection 2 Support Criteria

- Article 53 (1) The Prime Minister is to determine criteria which the Corporation must comply with when deciding which business operators will be subject to support for specified selected projects, etc. (limited to support provided through the operations stated in paragraph (1), items (i) through (v) of the preceding Article; referred to below as the "support for the specified selected projects, etc.") and the details of the support for the specified selected projects, etc. (referred to below as the "support criteria" in this Article and paragraph (1) of the following Article).
- (2) When the Prime Minister intends to determine support criteria pursuant to the provisions of the preceding paragraph, the Prime Minister must hear the opinions of the minister who has administrative jurisdiction over the public facility, etc. related to the specified selected project, etc. subject to the support for the specified selected project, etc. in advance.
- (3) After the Prime Minister determines support criteria pursuant to the provisions of paragraph (1), the Prime Minister is to release them.

Subsection 3 Performing Operations

(Decision to Provide Support)

- Article 54 (1) When the Corporation intends to provide support for the specified selected project, etc., it must decide on a business operator to receive that support and the details of the support for the specified selected project, etc. in accordance with the support criteria.
- (2) When the Corporation intends to decide on whether or not to provide support for the specified selected project, etc., it must, in advance, notify the Prime Minister of that fact and set a reasonable period of time for the Prime Minister to state opinions.
- (3) When the Prime Minister receives a notice under the preceding paragraph, the Prime Minister is to notify the minister who has administrative jurisdiction over the public facility, etc. related to the specified selected project, etc. that is subject to the support for the specified selected project, etc. of the contents of that notice without delay.
- (4) If the minister who receives the notice under the preceding paragraph finds it necessary, considering the prospects of the operation of the public facility, etc., including the profitability of the specified selected project, etc., the minister may state opinions to the Corporation within the period referred to in paragraph (2).

(Setting Aside a Decision to Provide Support)

Article 55 (1) In the following cases, the Corporation must promptly set aside a decision under paragraph (1) of the preceding Article (referred to as a "decision to provide support" in the following paragraph):

- (i) if the business operator to receive the support fails to implement a specified selected project, etc.; or
 - (ii) if the business operator becomes subject to an order commencing bankruptcy proceedings, an order commencing rehabilitation proceedings, an order commencing reorganization proceedings, an order commencing special liquidation proceedings, or an order of recognition of foreign insolvency proceedings.
- (2) If the Corporation sets aside a decision to provide support pursuant to the provisions of the preceding paragraph, it must immediately notify the business operator to receive the support of that fact.

(Transfers and Other Dispositions of Shares)

Article 56 (1) When the Corporation intends to make a decision on transfers and other dispositions of shares, etc. or claims that are related to a business operator to receive the support and that the Corporation holds, it must, in advance, notify the Prime Minister of that fact and set a reasonable period of time for the Prime Minister to state opinions.

- (2) The Corporation must endeavor to transfer or otherwise dispose of all the shares, etc. and claims that it holds by March 31, 2033, taking into consideration the situation surrounding the specified selected project, including the status of the implementation of the specified selected project and status of funds procured for the specified selected project.

Section 5 Provision of Information

Article 57 (1) In order to promote a smooth implementation of a specified selected project, the Corporation is to provide information that contributes to the promotion of the specified selected project to the Prime Minister.

- (2) The Prime Minister and the minister who has administrative jurisdiction over the public facility etc. related to a specified selected project, etc. subject to the support for the specified selected project, etc. must cooperate and coordinate with each other in the implementation of the specified selected project, etc., while also considering the information provided pursuant to the provisions of the preceding paragraph, to ensure that the project carried out by the Corporation is implemented smoothly and the specified selected project is promoted.

Section 6 Finance and Accounting

(Approval of Budget)

- Article 58 (1) Before the start of each business year, the Corporation must submit its budget for the business year to the Prime Minister and obtain the approval of the Prime Minister. The same applies when the Corporation intends to make changes to the budget.
- (2) In the budget referred to in the preceding paragraph, documents related to the business and financial plans for the business year must be attached to it.

(Resolutions on Dividends of Surplus)

- Article 59 A resolution on dividends of the Corporation's surplus, including payment of dividends of the surplus, does not become effective without the approval of the Prime Minister.

(Financial Statements)

- Article 60 Within three months from the end of each business year, the Corporation must submit its balance sheet, profit and loss statement, and business report for that business year to the Prime Minister.

(Government Guarantee)

- Article 61 Notwithstanding the provisions of Article 3 of the Act on Restrictions on Financial Assistance by the Government to Corporations (Act No. 24 of 1946), the government may enter into a guarantee contract with respect to the Corporation's obligations related to the bonds or borrowings referred to in Article 34, paragraph (1) within the amount approved by a Diet resolution.

Section 7 Supervision

(Supervision)

- Article 62 (1) The Corporation is to be supervised by the Prime Minister pursuant to the provisions of this Act.
- (2) If the Prime Minister finds it necessary for the enforcement of this Act, the Prime Minister may issue to the Corporation an order that is necessary for supervision in relation to the operations performed by the Corporation.

(Report and Inspection)

- Article 63 (1) If the Prime Minister finds it necessary for the enforcement of this Act, the Prime Minister may have the Corporation report on its operations or have the officials enter the Corporation's place of business such as a sales office or administration office to inspect any items, including books and

documents of the Corporation.

- (2) An official who conducts an on-site inspection pursuant to the provisions of the preceding paragraph must carry an identification card and present it to the relevant persons.
- (3) The authority to conduct an on-site inspection under paragraph (1) must not be construed as being granted for criminal investigation purposes.

(Consultation with the Minister of Finance)

Article 64 When the Prime Minister intends to grant approval referred to in Article 34, paragraph (1) (limited to when the Corporation intends to solicit persons to subscribe for bonds for subscription, to issue bonds in a share exchange or partial share exchange, or to borrow funds), Article 39, paragraph (2), Article 51, Article 52, paragraph (2), Article 58, paragraph (1), Article 59, or Article 67, the Prime Minister must consult with the Minister of Finance.

(Evaluations of Operations Performance)

- Article 65 (1) The Prime Minister must evaluate the operations performance of the Corporation for each business year.
- (2) When the Prime Minister makes the evaluation referred to in the preceding paragraph, the Prime Minister must, without delay, notify the Corporation of the results of the evaluation and release them.

Section 8 Dissolution

(Dissolution)

Article 66 The Corporation is to dissolve upon completion of the operations stated in the items of Article 52, paragraph (1).

(Resolutions on Mergers)

Article 67 Resolutions on mergers, company splits, transfer or acquisition of business, and dissolution of the Corporation do not become effective without the approval of the Prime Minister.

Chapter VI Special Measures for a Selected Project

(National Government Debt Burden)

Article 68 If the national government incurs a debt arising from a selected project, the debt is to be paid off within 30 years from the relevant fiscal year.

(Leasing Public Property)

Article 69 (1) Notwithstanding the provisions of Article 18, paragraph (1) of the

National Government Asset Act (Act No. 73 of 1948), if the national government finds it necessary, it may lease public property to an appointed business operator (meaning public property provided in Article 3, paragraph (2) of that Act; the same applies below in the following paragraph to paragraph (5) and paragraphs (1) through (4) of the following Article) for use in the relevant selected project.

- (2) Beyond what is provided for in the preceding paragraph, if an appointed business operator intends to own all or part of one building, a part of which is a public facility, etc. for the selected project (referred to below as the "specified building" in this Article), and if the national government finds it necessary, the national government may lease to the appointed business operator the relevant land which is public property, notwithstanding the provisions of Article 18, paragraph (1) of the National Government Asset Act, as long as the lease does not obstruct the original usage or purpose of that land.
- (3) Beyond what is provided for in the preceding two paragraphs, if a person to whom the land which is public property has been leased pursuant to the provisions of the preceding paragraph intends to continue to own the specified building, excluding the part which is used as a public facility, etc. related to the relevant selected project (referred to below as the "specified private facility" in this Article) after the termination of the selected project (including cancellation of the project contract which was entered into to implement the selected project, or revocation of the right to operate a public facility, etc. under Article 29, paragraph (1) or lapse of the right to operate a public facility, etc. under paragraph (4) of that Article; the same applies below in this Article and the following Article), and if the national government finds it necessary, the national government may continue to lease that land which is public property to that person (if the termination is due to cancellation of the project contract which was entered into to implement the selected project, or revocation of the right to operate a public facility, etc. under Article 29, paragraph (1) or lapse of the right to operate a public facility, etc. under paragraph (4) of that Article, limited to a person who is recognized by the administrator, etc. of the public facility, etc. related to the facility that used to be the specified private facility to be appropriate for the administration of that public facility, etc.; the same applies below in paragraph (8)), notwithstanding the provisions of Article 18, paragraph (1) of the National Government Asset Act, as long as the lease does not obstruct the original usage or purpose of the asset.
- (4) Beyond what is provided for in the preceding three paragraphs, if an appointed business operator to which land which is public property has been leased pursuant to the provisions of paragraph (2) of this Article intends to transfer the specified private facility, and if the national government finds it

necessary, the national government may lease the land which is public property to the person who intends to acquire the specified private facility (limited to a person who is recognized by the administrator, etc. of the public facility, etc. to be appropriate for the administration of that public facility, etc.), notwithstanding the provisions of Article 18, paragraph (1) of the National Government Asset Act, as long as the lease does not obstruct the original usage or purpose of that land.

- (5) The provisions of the preceding paragraph apply *mutatis mutandis* to when a person to whom the land which is public property has been leased pursuant to the provisions of paragraph (3) or the preceding paragraph (including when it is applied *mutatis mutandis* pursuant to this paragraph) intends to transfer the specified private facility (including a facility that used to be a specified private facility). In this case, the phrase "administrator, etc. of the public facility, etc." in the preceding paragraph is deemed to be replaced with "the administrator, etc. of the public facility, etc. related to the specified private facility (if the appointed business operator intends to transfer a facility which used to be a specified private facility, the administrator, etc. of the public facility, etc. related to the facility that used to be a specified private facility)."
- (6) Notwithstanding the provisions of Article 238-4, paragraph (1) of the Local Autonomy Act (Act No. 67 of 1947), if a local government finds it necessary, it may lease public property (meaning the public property provided in Article 238-4, paragraph (3) of that Act; the same applies below in paragraphs (7) through (10) of this Article and paragraphs (5) through (8) of the following Article) to an appointed business operator for use in the relevant selected projects.
- (7) Beyond what is provided for in the preceding paragraph, if an appointed business operator intends to own all or part of a specified building and a local government finds it necessary, it may lease the land which is public property to the appointed business operator, notwithstanding the provisions of Article 238-4, paragraph (1) of the Local Autonomy Act, as long as the lease does not obstruct the original usage or purpose of that land.
- (8) Beyond what is provided for in the preceding two paragraphs, if an appointed business operator to which land which is public property has been leased pursuant to the provisions of the preceding paragraph intends to continue to own the specified private facility even after the termination of the selected project, and if a local government finds it necessary, it may continue to lease that land which is public property to that business operator, notwithstanding the provisions of Article 238-4, paragraph (1) of the Local Autonomy Act, as long as the lease does not obstruct the original usage or purpose of that land.
- (9) Beyond what is provided for in the preceding three paragraphs, if an appointed business operator to which land which is public property has been

leased pursuant to the provisions of paragraph (7) intends to transfer the specified private facility, and if the local government finds it necessary, it may lease the land which is public property to the person who intends to acquire the specified private facility (provided that the person is recognized by the administrator, etc. of the public facility, etc. to be appropriate for the administration of the public facility, etc.), notwithstanding the provisions of Article 238-4, paragraph (1) of the Local Autonomy Act, as long as the lease does not obstruct the original usage or purpose of that land.

- (10) The provisions of the preceding paragraph apply mutatis mutandis to when a person to whom land which is public property has been leased pursuant to the provisions of paragraph (8) or the preceding paragraph (including as applied mutatis mutandis pursuant to this paragraph) intends to transfer the specified private facility (including a facility that used to be a specified private facility). In this case, the phrase "administrator, etc. of the public facility, etc." in the preceding paragraph is deemed to be replaced with "administrator, etc. of the public facility, etc. related to the specified private facility (if the appointed business intends to transfer a facility which used to be a specified private facility, the administrator, etc. of the public facility, etc. related to the facility that used to be a specified private facility)".
- (11) The provisions of Article 604 of the Civil Code and Articles 3 and 4 of the Act on Land and Building Leases (Act No. 90 of 1991) do not apply to the leases under the provisions of the preceding paragraphs.
- (12) The provisions of Article 21 and Articles 23 through 25 of the National Government Asset Act apply mutatis mutandis to leases under the provisions of paragraphs (1) through (5). The provisions of Article 238-2, paragraph (2), and Article 238-5, paragraphs (4) through (6) of the Local Autonomy Act apply mutatis mutandis to the leases under paragraph (6) through (10).

Article 70 (1) Beyond what is provided for in paragraphs (1) through (5) of the preceding Article, if the national government finds it necessary, it may lease public property to be used for a project to establish a specified facility (meaning facilities stated in Article 2, paragraph (1), items (iii) through (v) and those specified by Cabinet Order in item (vi) of that paragraph to be equivalent to the facilities stated in items (iii) through (v) of that paragraph; the same applies below in this Article) that is found to be useful for the implementation of the relevant selected project (referred to below as the "specified private project" in this Article) to the appointed business operator that implements the specified private project, notwithstanding the provisions of Article 18, paragraph (1) of the National Government Asset Act, as long as the lease does not obstruct the original use or purpose of that property.

- (2) Beyond what is provided for in the preceding paragraph, if an appointed

business to which public property has been leased pursuant to the provisions of that paragraph intends to continue to own or use the specified facilities related to the specified private project after the termination of the selected project, and if the national government finds it necessary, it may continue to lease the public property to that appointed business (if the termination is due to cancellation of the project contract which was entered into to implement the selected project, or revocation of the right to operate the public facility, etc. under Article 29, paragraph (1) or lapse of the right to operate the public facility, etc. under paragraph (4) of that Article, limited to a person who is recognized to be appropriate for the administration of that public facility, etc. by the administrator, etc. of the public facility, etc. who administered the facility that used to be the public facility, etc. for the selected project; the same applies below in paragraph (6)), notwithstanding the provisions of Article 18, paragraph (1) of the National Government Asset Act, as long as the lease does not obstruct the original use or purpose of the property.

- (3) Beyond what is provided for in the preceding two paragraphs, if an appointed business operator to which public property has been leased pursuant to the provisions of paragraph (1), intends to transfer the specified facility (including the right to utilize the specified facility; the same applies below in this paragraph) related to the specified private project, and if the national government finds it necessary, it may lease the public property to the person who is to acquire the specified facility (provided that the person is recognized by the administrator, etc. of the public facility, etc. related to the selected project to be appropriate for the administration of the public facility, etc.), notwithstanding the provisions of Article 18, paragraph (1), of the National Government Asset Act, as long as the lease does not obstruct the original use or purpose of the property.
- (4) The provisions of the preceding paragraph apply *mutatis mutandis* to when a person to whom public property has been leased pursuant to the provisions of paragraph (2) or the preceding paragraph (including as applied *mutatis mutandis* pursuant to this paragraph) intends to transfer the specified facility (including the right to utilize the specified facility). In this case, the phrase "the administrator, etc. of the public facility, etc. related to the selected project" in the preceding paragraph is replaced with "the administrator, etc. of the public facility, etc. related to the selected project (if the transfer takes place after the termination of the selected project, the administrator, etc. of the public facility, etc. who administered the facility which used to be the public facility, etc. related to the selected project)".
- (5) Beyond what is provided for in paragraphs (6) through (10) of the preceding Article, if a local government finds it necessary, it may lease public property for the use in a specified private project to the appointed business operator

that implements the specified private project, notwithstanding the provisions of Article 238-4, paragraph (1) of the Local Autonomy Act, as long as the lease does not obstruct the original use or purpose of that property.

- (6) Beyond what is provided for in the preceding paragraph, if a person to whom public property has been leased pursuant to the provisions of that paragraph intends to own or utilize the relevant specified facility used for the specified private project after the termination of the relevant selected project, and if a local government finds it necessary, it may lease that public property to the person, notwithstanding the provisions of Article 238-4, paragraph (1) of the Local Autonomy Act, as long as the lease does not obstruct the original use or purpose of that property.
- (7) Beyond what is provided for in the preceding two paragraphs, if an appointed business operator to which public property has been leased pursuant to the provisions of paragraph (5) intends to transfer the specified facility (including the right to utilize the specified facility; the same applies below in this paragraph) related to the specified private project, and if the local government finds it necessary, it may lease the public property to the person who is to acquire the specified facility (provided that the person is recognized by the administrator, etc. of the public facility, etc. related to the selected project to be appropriate for the administration of the public facility, etc.), notwithstanding the provisions of Article 238-4, paragraph (1), of the Local Autonomy Act, as long as the lease does not obstruct the original use or purpose of the property.
- (8) The provisions of the preceding paragraph apply mutatis mutandis to when a person to whom public property has been leased pursuant to the provisions of paragraph (6) or the preceding paragraph (including as applied mutatis mutandis pursuant to this paragraph) intends to transfer the specified facility (including the right to utilize the specified facility). In this case, the phrase "the administrator, etc. of the public facility, etc. related to the selected project" in the preceding paragraph is deemed to be replaced with "the administrator, etc. of the public facility, etc. related to the selected project (if the transfer takes place after the termination of the selected project, the administrator, etc. of the public facility, etc. related to the facility which was the public facility, etc. related to the selected project)."
- (9) The provisions of paragraphs (11) and (12) of the preceding Article apply mutatis mutandis to leases under the provisions of the preceding paragraphs. In this case, the phrase "paragraphs (1) through (5)" in paragraph (12) of the preceding Article is deemed to be replaced with "Article 70, paragraphs (1) through (4)" and the phrase "paragraphs (6) through (10)" in that paragraph is deemed to be replaced with "Article 70, paragraphs (5) through (8)".

(Free Use of National Assets)

- Article 71 (1) If the national government finds it necessary, it may allow an appointed business operator to use a national government asset (meaning a national government asset provided in Article 2, paragraph (1) of the National Government Asset Act) for the relevant selected project, either free of charge or at a price lower than the market value.
- (2) If a local government finds it necessary, it may allow an appointed business operator to use a public asset (meaning a public asset provided in Article 238, paragraph (1) of the Local Government Act) for the relevant selected project, either free of charge or at a price lower than the market value.

(Loans Without Interest)

- Article 72 (1) The national government may make a loan without interest, within the limits of the budget, to an appointed business operator to provide funds for a selected project that the government finds to be of great public interest.
- (2) The national government may use the credit screening capabilities and loan financing capabilities of the Development Bank of Japan Inc., The Okinawa Development Finance Corporation, or other governmental financial institutions, etc., when providing loans without interest pursuant to the provision of the preceding paragraph.

(Considerations for Securing Funds and Local Government Bonds)

- Article 73 The national government or a local government is to endeavor to secure the funds necessary for the implementation of a selected project or for the arrangement of loans, or to give special consideration to the issuance of local government bonds within the scope of laws and regulations.

(Considerations for the Acquisition of Land)

- Article 74 To facilitate the acquisition or use of land, etc. by an appointed business operator for use in the relevant selected project, the appropriate consideration is to be given to the acquisition of land through expropriation of land pursuant to the Expropriation of Land Act (Act No. 219 of 1951) or permission under other related laws and regulations.

(Support)

- Article 75 (1) Beyond what is provided for in Articles 69 through 74, to promote the implementation of a specified project, the national government and local governments are to take any necessary legislative and tax measures in accordance with the basic policy and implementation policy, and offer an appointed business operator the necessary financial and fiscal support.

- (2) The measures and support referred to in the preceding paragraph are to be flexible and adaptable based on the characteristics of the facilities to be provided and the locations where the projects are to be implemented, etc., and care must be taken to ensure that local governments and public corporations are able to fully exercise their autonomy.

(Deregulation)

Article 76 In order to promote the implementation of a specified project, the national government and local governments are to promptly promote the abolition or relaxation of any regulations that hinder a full utilization of technology and innovations of private business operators.

(Cooperation)

Article 77 In order to promote a smooth implementation of a specified project, the national government, local governments, and private business operators must mutually cooperate with one another, such as by organizing a cooperation system.

(Special Measures for Employees Dispatched from the National Government)

Article 78 (1) For the purpose of application of the provisions of Article 82, paragraph (2) of the National Public Service Act (Act No. 120 of 1947), an employee dispatched from the national government (meaning an employee in a regular service as provided in Article 2 of the National Public Service Act (Act No. 120 of 1947), who, at the request of an appointer or a person to whom an appointer's work has been delegated, resigns to become an employee (excluding an employee who does not need to be on duty all the time and limited to an employee engaged in work that requires specialized knowledge and skills related to the administration, etc. of a public facility, etc.; the same applies below in this paragraph and paragraph (1) of the following Article) of a holder of the right to operate a public facility, etc., and subsequently becomes an employee of the holder of the right to operate a public facility, etc., and continues to be employed in that capacity; the same applies below in this Article and paragraph (3) of the following Article) is deemed to be a national public employee in special service, etc. as defined in that paragraph.

(2) An aggregate retirement allowance corporation provided for in Article 106-2, paragraph (3) of the National Public Service Act includes a holder of the right to operate a public facility, etc.

(3) For the purpose of application of the provisions of Article 11-7, paragraph (3), Article 11-8, paragraph (3), Article 12, paragraph (4), Article 12-2, paragraph (3), and Article 14, paragraph (2) of the Act on Remuneration of Officials in Regular Service (Act No. 95 of 1950), an employee dispatched from the national

government is deemed to be an employee, etc. of an agency engaged in administrative enforcement as provided for in Article 11-7, paragraph (3) of that Act.

- (4) For the purpose of application of the provisions of Article 7-2, and Article 20, paragraph (3) of the Act on National Public Officers' Retirement Allowance (Act No. 182 of 1953), an employee dispatched from the national government is deemed to be an employee of a finance corporation as provided for in Article 7-2, paragraph (1) of that Act.
- (5) For the purpose of application of the provisions of Article 124-2 (excluding paragraph (4)) of the Act on Mutual Aid Association for National Public Employees (Act No. 128 of 1958), a holder of the right to operate a public facility, etc. or an employee dispatched from the national government is deemed to be a finance corporation, etc. or an employee of a finance corporation, etc., respectively, as provided for in paragraph (1) of that Article.
- (6) For the purpose of application of the provisions of Article 17, paragraph (1) of the Act on Working Hours and Leaves for National Public Employees Engaged in Regular Service (Act No. 33 of 1994), an employee dispatched from the national government is deemed to be an employee, etc. of an agency engaged in administrative enforcement as provided for in item (iii) of that paragraph.
- (7) For the purpose of application of the provisions of Article 4 (limited to the part related to item (v)), and Article 5 (limited to the portion related to item (v)) of the Act on Reimbursement of National Public Servants' Expenses for Studying Abroad (Act No. 70 of 2006), an official dispatched from the national government is deemed to be a national public employee in special service, etc. as provided for in Article 2, paragraph (4) of that Act.

(Special Measures for Employees Dispatched from Local Governments)

- Article 79 (1) For the purpose of application of the provisions of Article 29, paragraph (2) of the Local Public Service Act (Act No. 261 of 1950), an employee dispatched from a local government (meaning an employee in regular service as provided in Article 3, paragraph (2) of the Local Public Service Act (Act No. 261 of 1950), who, at the request of an appointer or a person to whom an appointer's work has been delegated, resigns to become an employee of a holder of the right to operate a public facility, etc., and subsequently becomes an employee of a holder of the right to operate a public facility, etc., and continues to be employed in that capacity; the same applies below in paragraph (3)) is deemed to be a local public employee in special service, etc. as provided for in that paragraph.
- (2) An aggregate retirement allowance corporation provided for in Article 38-2, paragraph (2) of the Local Public Service Act includes the holder of the right to operate a public facility, etc.

(3) For the purpose of application of the provisions of Article 140 of the Act on Mutual Aid Associations for Local Public Employees (Act No. 152 of 1958), a holder of the right to operate a public facility, etc., or an employee dispatched from the national government (limited to a person who was an employee of the national government provided for in the provisions of Article 142, paragraph (1) of that Act before resigning as prescribed in paragraph (1) of the preceding Article) or an employee dispatched from a local government is deemed to be a finance corporation, etc. or an employee of a finance corporation, etc. respectively, as provided for in paragraph (1) of Article 140 of that Act.

(Considerations for Dispatching of Employees)

Article 80 Beyond what is provided for in the preceding two Articles, if the national government or a local government finds it necessary to promote a smooth and efficient implementation of a specified project, it is to endeavor to give the necessary consideration to the dispatch of employees and any other human assistance that is found suitable.

(Educational Efforts and Technical Assistance)

Article 81 (1) The national government and local governments are to promote educational efforts such as dissemination of knowledge and provision of information on the implementation of specified projects, while also promoting educational efforts to gain the understanding, consent, and cooperation of local residents.

(2) In order to promote a smooth and efficient implementation of specified projects, the national government and local governments are to give the necessary consideration to the provision of technical assistance to private business operators, while also giving special consideration to the use of technology held by private business operators such as by coordinating the use of patented technologies.

(Use of Collateralized Real Estate)

Article 82 (1) If an appointed business operator has acquired collateralized real estate when implementing a selected project, and if a company holding the relevant security interest in the real estate, a company that has provided the real estate as collateral, or a company that owns the real estate has incurred a loss, that company may appropriate an amount equal to the loss as deferred assets and record it in the assets section of the balance sheet of the company at the end of the relevant fiscal year. In this case, amortization must be made by an amount which is not less than evenly split figures at the end of each fiscal year within 10 years after the relevant fiscal year.

(2) For the purpose of application of the provisions of Article 461, paragraph (2)

of the Companies Act, if the provisions of the preceding paragraph apply, the phrase "the amount obtained by subtracting the sum of the amounts set forth in items (iii) through (vi)" in that paragraph is deemed to be replaced with "the amount obtained by subtracting the sum of the amounts set forth in items (iii) through (vi) and, if provided in the Cabinet Office Order, the amount specified in the Cabinet Office Order which has been recorded in the assets section of the balance sheet pursuant to the provisions of Article 82, paragraph (1) of the Act on Promotion of Private Finance Initiative (Act No. 117 of 1999)."

Chapter VII Council for the Promotion of Private Finance Initiatives

(Council for the Promotion of Private Finance Initiatives)

Article 83 (1) The Council for the Promotion of Private Finance Initiatives (referred to below as the "council") is to be set up within the Cabinet Office as a special agency.

- (2) The council is to take charge of the matters stated in the following items:
- (i) preparation of drafts of the basic policy;
 - (ii) necessary coordination between relevant administrative organs regarding measures related to the provision, etc. of a public facility, etc. through the utilization of private finance, etc.; and
 - (iii) beyond what is provided for in the preceding two items, deliberation of important matters regarding measures related to the provision, etc. of the public facility, etc. by the utilization of private finance, etc., and promotion of the implementation of those measures.
- (3) When the council intends to draft a proposal for the basic policy, the council must consult with the heads of each ministry and agency, and hear the opinions of the Committee for the Promotion of Private Finance Initiatives in advance.

Article 84 (1) The council consists of a chairperson and committee members.

- (2) The Prime Minister serves as the chairperson of the council.
- (3) The persons appointed by the Prime Minister from among the Ministers of State other than the chairperson serve as the committee members.
- (4) Beyond what is provided for in the preceding three paragraphs, Cabinet Order prescribes necessary matters concerning the organization and administration of the council.

(Committee for the Promotion of Private Finance Initiatives)

Article 85 (1) The Committee for the Promotion of Private Finance Initiatives (below referred to as the "Committee") is to be set up within the Cabinet Office.

- (2) The Committee is to study and deliberate matters that fall within its

authority pursuant to the provisions of this Act, and also studies and deliberates the status of the formulation of an implementation policy, the status of the selection of a specified project, objectivity of the evaluation of the specified project, and other matters related to the provision, etc. of a state public facility, etc. through the utilization of private finance, etc.

- (3) The private business operator, etc. may submit to the Committee its opinions on the provision, etc. of a state public facility, etc. through the utilization of private finance, etc.
- (4) If the Committee finds it necessary in the case of the preceding two paragraphs, it may state its opinions to the Prime Minister and heads of relevant administrative organs to promote and generally coordinate the provision, etc. of a state public facility, etc. through the utilization of private finance, etc.
- (5) The Prime Minister and heads of relevant administrative organs must report to the Committee on the measures taken based on the opinions in the preceding paragraph.
- (6) If the Committee finds it necessary to perform its functions under its jurisdiction, it may request the heads of relevant administrative organs, heads of relevant local governments, and other relevant bodies to provide necessary assistance such as submitting materials, offering opinions, or providing explanations. In this case, the Committee is to take any measures necessary for the release of materials which were submitted or collected to perform the functions under its jurisdiction.

Article 86 (1) The Committee consists of nine committee members with relevant expertise appointed by the Prime Minister.

- (2) If it is necessary to study and deliberate a technical matter, an expert advisor may be appointed to the Committee.
- (3) The Committee may set up sub-committees, as necessary.
- (4) Beyond what is provided for in the preceding three paragraphs, necessary matters related to the organization and administration of the Committee are prescribed by Cabinet Order.

Chapter VIII Miscellaneous Provisions

(Matters to Be Determined by Cabinet Order)

Article 87 Beyond what is provided for in this Act, necessary matters for its implementation are prescribed by Cabinet Order.

Chapter IX Penal Provisions

Article 88 (1) If the Corporation's director, accounting advisor (if the accounting advisor is a corporation, the employees who are to perform its duties), company auditor, or employee accepts, solicits, or promises to give a bribe in relation to that person's duties, that person is punished by imprisonment for not more than three years. If that person conducts an illegal act in their duties or does not conduct their duties in an appropriate manner, that person is punished by imprisonment for not more than five years.

(2) In the case referred to in the preceding paragraph, the bribe received by the offender is confiscated. If all or part of it cannot be confiscated, the equivalent value is collected.

Article 89 (1) A person who has given a bribe or made an offer or a promise as referred to in paragraph (1) of the preceding Article, is punished by imprisonment for not more than three years or a fine of not more than one million yen.

(2) If a person who commits any of the crimes referred to in the preceding paragraph surrenders to authorities, that person may have their punishment reduced or they may be exempted from punishment.

Article 90 (1) The crimes referred to in Article 88, paragraph (1) also apply to persons who have committed the same crimes referred to in that paragraph outside Japan.

(2) The crimes referred to in the preceding Article, paragraph (1) are governed by Article 2 of the Penal Code (Act No. 45 of 1907).

Article 91 If the Corporation's director, accounting advisor (if the accounting advisor is a corporation, the employees who are to perform its duties), company auditor, or employee, or a person who has been in those positions divulges or misappropriates, in violation of the provisions of Article 44, a secret they learned in the course of their duties, the person is punished by imprisonment for not more than one year or a fine of not more than five hundred thousand yen.

Article 92 If the Corporation's director, accounting advisor (if the accounting advisor is a corporation, the employees who are to perform its duties), company auditor, or employee fails to make a report under Article 63, paragraph (1), or makes a false report, or refuses, obstructs, or evades an inspection under the provisions of that paragraph, the person who committed the illegal act is punished by a fine of not more than five hundred thousand yen.

Article 93 If any of the Corporation's directors, accounting advisors, or

employees who are to perform their duties or company auditors falls under one of the following items, the person who committed the illegal conduct is punished by a civil fine of not more than one million yen.

- (i) when the person, in violation of the provisions of Article 34, paragraph (1), solicits persons to subscribe for shares for subscription, share options for subscription, or bonds for subscription, issues shares, bonds, or share options in a share exchange or partial share exchange, or borrows funds;
- (ii) if the person, in violation of the provisions of Article 34, paragraph (2), fails to notify that they have issued shares;
- (iii) if the person fails to complete their registration in violation of the provisions of Article 50, paragraph (1) or (4);
- (iv) if the person performs operations in violation of the provisions of Article 52, paragraph (2);
- (v) if the person fails to notify the Prime Minister in violation of the provisions of Article 54, paragraph (2) or Article 56, paragraph (1);
- (vi) if the person fails to obtain approval for the budget in violation of the provisions of Article 58, paragraph (1);
- (vii) if the person fails to submit, in violation of the provisions of Article 60, a balance sheet, profit and loss statement and business report, or submits these with a false statement or record; and
- (viii) if the person violates an order under Article 62, paragraph (2).

Article 94 A person who uses the characters "民間資金等活用事業推進機構" (pronounced "minkan shikinto katsuyo jigyo suishin kiko", meaning "Private Finance Initiative Promotion Corporation of Japan") in their name in violation of the provisions of Article 36, paragraph (2) is punished by a civil fine of not more than one hundred thousand yen.

Supplementary Provisions

(Effective Date)

Article 1 This Act comes into effect on the day specified by Cabinet Order within a period not exceeding three months from the date of promulgation.

(Examinations)

Article 2 The government is to examine the status of implementation of specified projects (including abolition or relaxation of regulations that obstruct the utilization of technology of private business operators and making full use of innovations) under this Act at least every three years, and take necessary measures based on the results of those examinations.

Article 3 While taking into consideration the examination of improvements to be made to the tender system related to public facilities, etc., the government is to also examine how to communicate with the private business operators in the specified selection process (meaning the selection of a private business operator that implements a specified project; the same applies below in this Article), such as by receiving questions or proposals from those private business operators, how to select business operators in stages, how to ensure transparency and fairness in the process of specified selection, and examine other ways in which specified selection should be conducted, upon which the government is to take necessary measures based on the results of those examinations.

(Measures for Advanced Redemption of the Former Trust Fund Bureau Funds for the Water Supply Business)

Article 4 (1) If there was a request from any of the local governments stated in the following items during the period between 2018 and 2023, for advanced redemption of the funds of the former Trust Fund Bureau (referring to the funds of the Trust Fund Bureau as defined in Article 6, paragraph (1) of the Act on Funds of Trust Fund Bureau (Act No. 100 of 1951) before amendment under Article 1 of the Act Partially Amending the Act on Funds of Trust Fund Bureau Act (Act No. 99 of 2000); the same applies below in this paragraph) loaned to that local government before January 31, 1997 or the funds of the former Japan Finance Corporation for Municipal Enterprises (referring to the funds of the Japan Finance Corporation for Municipal Enterprises before dissolution under Article 9, paragraph (1) of the Supplementary Provisions of the Act on the Japan Finance Organization for Municipalities (Act No. 64 of 2007); the same applies below in this paragraph) loaned to that local government before March 31, 1997 (both types of loans referred to below as the "relevant loan" in this Article), at an annual interest rate of 3 percent or more, in the amount allocated (if the amount is not known, the amount calculated based on the standards provided by Cabinet Office Order, Order of the Ministry of Internal Affairs and Communications, and Ministry of Finance Order, with consideration given to the expenses of the construction, etc. of the public facility, etc. and other factors) to the construction, improvement, maintenance, or operation (below referred to as "construction, etc." in this paragraph) of a public facility, etc. (limited to a public facility, etc. for which the right to operate a public facility, etc. has been established based on the ordinance on the right to operate a public facility such as the water supply business, etc. stated in the following items) related to the water supply business, etc. (referring to water supply business or wholesale water supply business under the Water Supply Act (Act No. 79 of 1958), or business related to facilities

provided for public sewerage systems or regional sewerage systems under the Sewerage Act (Act No. 177 of 1957); the same applies below in this paragraph), if the government finds it particularly necessary to improve the soundness of management of the local government's water supply business, etc., and the local government has submitted a plan specifying the matters provided by Cabinet Order regarding the public facility, etc., operation projects related to the water supply business, etc., and the government finds that the plan considerably contributes to the sound and efficient operation of the water supply business, etc. of the local government, and if the relevant loan related to the request has been loaned from the former Trust Fund Bureau, then, pursuant to the provisions of Cabinet Order, the government is to respond to the request for advanced redemption within the limit of the maximum amount, or if the relevant loan related to the request has been loaned from the former Japan Finance Corporation for Municipal Enterprises, the government is to request the Japan Finance Organization for Municipalities to respond to the request for advanced redemption within the limit of the maximum amount.

- (i) the local government that provided the ordinance referred to in Article 18, paragraph (1) regarding the right to operate a public facility, etc. related to the water supply business, etc. by fiscal year 2018 (referred to as the "ordinance on the right to operate a public facility, etc. related to the water supply business, etc." in the following item and item (i) of the following paragraph), based on which a public facility, etc., operation project related to the water supply business, etc. has started during the period between fiscal year 2018 and fiscal year 2020; and
 - (ii) the local government that provided the ordinance on the right to operate a public facility, etc. related to the water supply business, etc. during the period between fiscal year 2018 and fiscal year 2021.
- (2) The "maximum amount" referred to in the preceding paragraph means the amount specified in the following items, corresponding to the category of the local governments stated in each item:
- (i) the local government stated in item (i) of the preceding paragraph or item (ii) of that paragraph (limited to those local governments that provided ordinances on the right to operate the public facility, etc. related to the water supply business, etc. in fiscal year 2018 or fiscal year 2019): the lesser of the outstanding balance of the relevant loan or the amount received by that local government as a fee for granting the right to operate the public facility, etc. (including money collected pursuant to the provisions of Article 20, and if that money is to be received periodically or in installments, limited to the amount received first); and
 - (ii) the local government (excluding the one stated in the preceding item) stated in item (ii) of the preceding paragraph: the amount equivalent to one

- half of the amount specified in the preceding item
- (3) In the case of paragraph (1), the government is not to accept any money other than the redeemed principal amount of the relevant loan as money required to respond to a request for advanced redemption.
- (4) If the Japan Finance Organization for Municipalities responds to a request for advanced redemption from the government under the provisions of paragraph (1), the provisions of the preceding paragraph apply *mutatis mutandis*.

Supplementary Provisions [Act No. 73 of June 11, 1999] [Extract]

(Effective Date)

Article 1 This Act comes into effect on the date of promulgation; provided, however, that the provisions of Articles 17 through 19 and Articles 21 through 66 of the Supplementary Provisions come into effect as of October 1, 1999.

Supplementary Provisions [Act No. 160 of December 22, 1999] [Extract]

(Effective Date)

Article 1 This Act (except for Articles 2 and 3) comes into effect on January 6, 2001; provided, however, that the provisions stated in the following items come into effect on the date provided in each item.

- (i) the provisions of Article 995 (limited to the portions related to the provisions amending the Supplementary Provisions of the Act Partially Amending the Act on the Regulation of Nuclear Source Material, Nuclear Fuel Material and Reactors), Article 1,305, Article 1,306, Article 1,324, paragraph (2), Article 1,326, paragraph (2), and Article 1,344: the date of promulgation

Supplementary Provisions [Act No. 151 of December 12, 2001]

This Act comes into effect on the date of promulgation.

Supplementary Provisions [Act No. 45 of May 29, 2002] [Extract]

(Effective Date)

- (1) This Act comes into effect on the date specified by Cabinet Order within a period not exceeding one year from the date of promulgation.

Supplementary Provisions [Act No. 132 of July 30, 2003] [Extract]

(Effective Date)

Article 1 This Act comes into effect on the date specified by Cabinet Order within a period not exceeding three months from the date of promulgation.

Supplementary Provisions [Act No. 87 of July 26, 2005] [Extract]

This Act comes into effect on the date of promulgation of the Companies Act.

Supplementary Provisions [Act No. 95 of August 15, 2005]

This Act comes into effect on the date of promulgation.

Supplementary Provisions [Act No. 53 of June 7, 2006] [Extract]

(Effective Date)

Article 1 This Act comes into effect on April 1, 2007; provided, however, that the provisions stated in the following items come into effect on the date provided in each item.

(i) Omitted

(ii) the provisions amending Article 96, paragraph (1), the provision adding an Article after Article 100, and the provisions amending Article 101, Article 102, paragraphs (4) and (5), Article 109, Article 109-2, Article 110, Article 121, Article 123, Article 130, paragraph (3), Article 138, Article 179, paragraph (1), Article 207, Article 225, Article 231-2, Article 234, paragraphs (3) and (5), Article 237, paragraph (3), Article 238, paragraph (1), Article 238-2, paragraph (2), Article 238-4, Article 238-5, Article 263-3 and Article 314, paragraph (1), and the provisions of Article 22 and Article 32 of these Supplementary Provisions, the provisions of Article 37 of these Supplementary Provisions amending Article 33, paragraph (3) of the Local Public Enterprise Act (Act No. 292 of 1952), the provisions of Article 47 of these Supplementary Provisions amending Article 5-29 of the Former Act on Special Provisions on Mergers of Municipalities (Act No. 6 of 1965) that remain effective under the provisions of Article 2, paragraph (6) of the Supplementary Provisions of that act, and the provisions of Article 51 of these Supplementary Provisions amending Article 47 of the Act on Special Provisions on Mergers of Municipalities (Act No. 59 of 2004): the date specified by Cabinet Order within a period not exceeding one year from the date of promulgation

Supplementary Provisions [Act No. 85 of June 13, 2007] [Extract]

(Effective Date)

Article 1 This Act comes into effect on the date of promulgation; provided, however, that the provisions stated in the following items come into effect on the date provided in each item.

(i) and (ii) Omitted

(iii) the provisions of Article 26 through Article 60 and Article 62 through Article 65 of the Supplementary Provisions: October 1, 2009

(Examinations)

Article 66 Regarding the system in which the investment and loan function of the Development Bank of Japan is being used under the provisions of the Act on Security for Loans from the Development Bank of Japan to Electric Utility Corporations, the Oil Stockpiling Act, the Act on Promotion of Development and Introduction of Alternative Energy, the Act on Special Measures Concerning the Promotion of Urban Development by Private Sectors, the Act on Temporary Measures to Promote Business Activities for Rational Use of Energy and Effective Utilization of Recycled Resources, the Act on Promotion of Private Finance Initiative, and other laws (including orders based on laws), the government is to consider how convenient the system is for its users and examine measures to ensure equal competitive conditions for other business operators, and take necessary measures based on those examinations by the date specified in item (iii) of Article 1 of the Supplementary Provisions.

(Utilization of Investment and Loan Functions for Long-Term Business Funds of Companies)

Article 67 If the long-term investment and loan functions for long-term business funds of companies are to be used after the date specified in Article 1, item (iii) of the Supplementary Provisions, the government is to consider how fair competitive relationships with other business operators are and take measures to ensure equal competitive conditions and other measures necessary for utilizing the investment and loan functions.

Supplementary Provisions [Act No. 13 of March 31, 2011] [Extract]

(Effective Date)

Article 1 This Act comes into effect on April 1, 2011; provided, however, that the provisions stated in the following items come into effect on the date provided in each item.

(i) and (ii) Omitted

(iii) the provisions of Article 3 of the Supplementary Provisions: the date of promulgation of the Act Partially Amending the Act on Promotion of Private

Supplementary Provisions [Act No. 57 of June 1, 2011] [Extract]

(Effective Date)

Article 1 This Act comes into effect on the date specified by Cabinet Order within a period not exceeding six months from the date of promulgation; provided, however, that the provisions stated in the following items come into effect on the date specified in each item.

- (i) the provisions amending Article 2 (excluding the portions adding two paragraphs to that Article) and provisions amending Article 11-3, paragraph (1), and the provisions of Article 3 of the Supplementary Provisions amending Article 11, paragraph (6) of the Supplementary Provisions of the Local Tax Act (Act No. 226 of 1950) (limited to the portion that adds "(excluding rental housing (excluding public housing) stated in item (iii) of that paragraph and the facilities stated in item (v) of that paragraph)" after "public facility, etc. prescribed"), and the provisions amending Article 15, paragraph (22) of that Act (limited to the portion that adds "(excluding rental housing (excluding public housing) stated in item (iii) of that paragraph and the facilities stated in item (v) of that paragraph)" after "public facility, etc. prescribed"), and the provisions of Article 3-2 of the Supplementary Provisions: the date of promulgation;
- (ii) the provisions amending Article 4, paragraphs (1), (4), and (5), and the provisions adding a chapter name and two Articles after Article 20 (limited to the portion that adds two Articles), and provisions amending the headings of Article 22, and Article 5 of the Supplementary Provisions: the date specified by Cabinet Order within a period not exceeding one month from the date of promulgation; and
- (iii) the provisions amending Article 6: the date of promulgation of the Act on the Revision, etc. of Related Acts to Promote Reform for Increasing Independence and Autonomy of Local Communities (Act No. 105 of 2011) or the date on which this Act comes into effect, whichever comes later.

(Transitional Measures)

Article 2 Prior laws and regulations continue to govern the specified projects related to the implementation policy released pursuant to the provisions of Article 5, paragraph (3) of the Act on Promotion of Private Finance Initiative as prescribed before amendment under this Act and before this Act comes into effect, notwithstanding the provisions of Article 6, Article 7, paragraph (2), Article 9, Article 10, and Article 11-2, paragraphs (3) and (8), and Article 11-3, paragraphs (2), (4), (6), and (8) of the Act on Promotion of Private Finance

Initiative amended by this Act.

Supplementary Provisions [Act No. 105 of August 30, 2011] [Extract]

(Effective Date)

Article 1 This Act comes into effect on the date of promulgation.

(Matters to Be Determined by Cabinet Orders)

Article 82 Beyond what is provided for in these Supplementary Provisions, transitional measures necessary for the enforcement of this Act (including transitional measures related to penal provisions) are prescribed by Cabinet Order.

Supplementary Provisions [Act No. 34 of June 12, 2013] [Extract]

(Effective Date)

Article 1 This Act comes into effect on the date specified by Cabinet Order within a period not exceeding three months from the date of promulgation.

(Transitional Measures)

Article 2 The provisions of Article 36, paragraph (2) of the Act on Promotion of Private Finance Initiative amended by this Act (referred to below as the "new Act") do not apply for six months after this Act comes into effect to any person using the characters "民間資金等活用事業推進機構" (pronounced "minkan shikinto katsuyo jigyo suishin kiko", meaning "Private Finance Initiative Promotion Corporation of Japan") in its name even at the time this Act comes into effect.

Article 3 Regarding the budget of the Private Finance Initiative Promotion Corporation of Japan for the business year in which the date of incorporation of the Private Finance Initiative Promotion Corporation of Japan falls, the phrase "Before the start of each business year" in Article 58, paragraph (1) of the new Act is replaced with "Without delay after its incorporation".

(Examinations)

Article 4 When promoting the specified projects provided in Article 2, paragraph (2) of the new Act by relying on the support provided by the Private Finance Initiative Promotion Corporation of Japan under Chapter V of the new Act, the government is to promptly examine measures to promote the utilization of private finance, etc. for the operation, etc. (meaning the operation, etc. prescribed in paragraph (6) of that Article) of roads and other public facilities,

etc. (meaning the public facilities, etc. prescribed in paragraph (1) of that Article), since it is necessary to effectively use financial funds in light of the severe state of finances of the national government and local governments, and since there is an increasing need for the provision of public facilities, etc. (meaning the provision of public facilities, etc. prescribed in that paragraph) in order to prevent natural disasters and prevent the spread of damage in case of a natural disaster.

Supplementary Provisions [Act No. 34 of May 14, 2014] [Extract]

(Effective Date)

Article 1 This Act comes into effect on the date specified by Cabinet Order within a period not exceeding two years from the date of promulgation.

Supplementary Provisions [Act No. 56 of June 4, 2014] [Extract]

(Effective Date)

(1) This Act comes into effect on the date of promulgation.

Supplementary Provisions [Act No. 91 of June 27, 2014] [Extract]

This Act comes into effect on the date of promulgation of the Act Partially Amending the Companies Act.

Supplementary Provisions [Act No. 71 of September 18, 2014] [Extract]

(Effective Date)

Article 1 This Act comes into effect on the date specified by Cabinet Order within a period not exceeding three months from the date of promulgation; provided, however, that Article 3 of the Supplementary Provisions comes into effect on the date of promulgation.

(Transitional Measures for Allowance for Work in Cold Areas)

Article 2 For the purpose of application of the provisions of Article 16, paragraph (6) of the Supplementary Provisions of the Act Partially Amending the Act on Remuneration of Employees in Regular Service (Act No. 105 of 2014), an employee dispatched from the national government under Article 78, paragraph (1) amended by this Act is deemed to be an employee, etc. of an agency engaged in administrative enforcement provided in Article 11-7, paragraph (3) of the Act on Remuneration of Employees in Regular Service (Act No. 95 of 1950).

(Matters to Be Determined by Cabinet Orders)

Article 3 Beyond what is provided for in the preceding Article, transitional measures necessary for the enforcement of this Act are prescribed by Cabinet Order.

Supplementary Provisions [Act No. 51 of May 27, 2016] [Extract]

(Effective Date)

Article 1 This Act comes into effect on the date specified by Cabinet Order within a period not exceeding one year and six months from the date of promulgation.

Supplementary Provisions [Act No. 60 of June 20, 2018] [Extract]

(Effective Date)

(1) This Act comes into effect on the date specified by Cabinet Order within a period not exceeding six months from the date of promulgation; provided, however, that the provisions amending Article 4 of the Supplementary Provisions, the provisions deleting Article 5 through Article 17 of the Supplementary Provisions, and the provisions of the following paragraph and paragraph (3) of the Supplementary Provisions come into effect on the date specified by Cabinet Order within a period not exceeding three months from the date of promulgation.

Supplementary Provisions [Act No. 37 of June 14, 2019] [Extract]

(Effective Date)

Article 1 This Act comes into effect on the date on which three months have elapsed from the date of promulgation; provided, however, that the provisions stated in the following items come into effect on the date specified in each item.

- (i) the provisions of Article 40, Article 59, Article 61, Article 75 (limited to the provisions amending Article 34-20 of the Child Welfare Act), Article 85, Article 102, Article 107 (limited to the provisions amending Article 26 of the Act on the Protection of Children Adopted Through Private Adoption Agencies), Article 111, Article 143, Article 149, Article 152, Article 154 (limited to the provisions amending Article 25, item (vi) of the Act on Real Estate Appraisal) and Article 168, and the provisions of the following Article and Article 3 and Article 6 of the Supplementary Provisions: the date of promulgation;
- (ii) the provisions of Article 3, Article 4, Article 5 (excluding the provisions

amending Article 19-2, paragraph (1) of the Act on National Strategic Special Zones), Chapter II, Section 2 and Section 4, Article 41 (excluding the provisions amending Article 252-28 of the Local Autonomy Act), Articles 42 through 48, Article 50, Article 54, Article 57, Article 60, Article 62, Articles 66 through 69, Article 75 (excluding the provisions amending Article 34-20 of the Child Welfare Act), Article 76, Article 77, Article 79, Article 80, Article 82, Article 84, Article 87, Article 88, Article 90 (excluding the provisions amending Article 30-19, paragraph (2), item (i) of the Vocational Abilities Development Promotion Act), Article 95, Article 96, Articles 98 through 100, Article 104, Article 108, Article 109, Article 112, Article 113, Article 115, Article 116, Article 119, Article 121, Article 123, Article 133, Article 135, Article 138, Article 139, Articles 161 through 163, Article 166, Article 169, Article 170, Article 172 (limited to the provisions amending Article 29, paragraph (1), item (i) of the Act on Rational Use and Proper Management of Fluorocarbons), and Article 173, and Article 16, Article 17, Article 20, Article 21, and Articles 23 through 29 of the Supplementary Provisions: the date on which six months have elapsed from the date of promulgation.

(Transitional Measures Concerning Acts of Administrative Authorities)

Article 2 Prior laws and regulations continue to govern the effects of dispositions or any other acts made by an administrative authority under the provisions of laws before amendment by this Act or under the provisions of orders based on this Act (limited to disqualifying provisions or any other provisions specifying restrictions of rights) and the effect of disqualification that occurred pursuant to those provisions, before the date of the enforcement of this Act (in the case of the provisions stated in each item of the preceding Article, those provisions; the same applies below in this Article and the following Article).

(Transitional Measures Concerning Penal Provisions)

Article 3 Prior laws and regulations continue to govern the application of penal provisions to acts committed before the enforcement of this Act.

(Examinations)

Article 7 Within around one year after the promulgation of this Act, the government is to examine the provisions in the Companies Act (Act No. 86 of 2005) and the Act on General Incorporated Associations and General Incorporated Foundations (Act No. 48 of 2006) that restrict the qualification of officers of corporations on the grounds that they are adult wards or persons under curatorship, and is to take necessary legislative measures such as deleting the relevant provisions, based on the results of those examinations.

Supplementary Provisions [Act No. 71 of December 11, 2019] [Extract]

This Act comes into effect on the date on which the Act Amending the Companies Act comes into effect; provided, however, that the provisions stated in the following items come into effect on the date specified in each item:

- (i) the provisions of Article 9 amending Article 269 of the Act on Book-Entry Transfer of Corporate Bonds and Shares (limited to the part amending "Article 68, paragraph (2)" to "Article 86, paragraph (1)"); the provisions of Article 21 amending Article 56, paragraph (2) of the Act on Promotion of Private Finance Initiative and Article 4 of its Supplementary Provisions; the provisions of Article 41 amending Article 1-2-14, paragraph (1) of the Supplementary Provisions of the Insurance Business Act; the provisions of Article 47 amending Article 16, paragraph (1) of the Supplementary Provisions of the Act Partially Amending the Insurance Business Act; the provisions of Article 51 amending Article 27 of the Act on the Fund Corporation for the Overseas Development of Japan's ICT and Postal Services; the provisions of Article 78 and Article 79; the provisions of Article 89 amending Article 26, paragraph (1) of the Supplementary Provisions of the Act on Enhancement and Restructuring of Credit Businesses by The Norinchukin Bank and Specified Agricultural and Fishery Cooperative Savings Insurance Cooperation; and the provisions of Articles 124 and 125: the date of promulgation;

Supplementary Provisions [Act No. 37 of May 19, 2021] [Extract]

(Effective Date)

Article 1 This Act comes into effect on September 1, 2021; provided, however, that the provisions stated in the following items come into effect on the date provided in each item.

- (i) the provisions of Article 27 (limited to the provisions amending appended tables 1 through 5 of the Act on the Basic Register of Residents), Article 45, Article 47, and Article 55 (limited to the provisions amending appended tables 1 and 2 of the Act on the Use of Numbers to Identify a Specific Individual in Administrative Procedures (excluding the provisions amending row 27 of that table)), and the provisions of Article 8, paragraph (1), Articles 59 through 63, Article 67, and Articles 71 through 73 of the Supplementary Provisions: the date of promulgation;
- (ii) and (iii) Omitted
- (iv) the provisions of Article 17, Article 35, Article 44, Article 50, and Article 58 and the following Article, and the provisions of Article 3, Article 5, Article 6, Article 7 (excluding paragraph (3)), Article 13, Article 14, Article 18 (limited

to the provisions amending Article 129 of the Family Register Act (excluding the portion adding "in an original and" before "a duplicate of a family register")), Articles 19 through 21, Article 23, Article 24, Article 27, Article 29 (excluding the provisions amending Article 30-15, paragraph (3) of the Act on the Basic Register of Residents), Article 30, Article 31, Articles 33 through 35, Article 40, Article 42, Articles 44 through 46, Article 48, Articles 50 through 52, Article 53 (excluding the provisions amending Article 45-2, paragraphs (1), (5), (6), and (9) of the Act on the Use of Numbers to Identify a Specific Individual in Administrative Procedures and the provisions amending Article 52-3 of that Act), Article 55 (excluding the provisions amending Article 35 of the Act on the Promotion of Cancer Registry (Act No. 111 of 2013) (limited to the part deleting "(including prefectural and municipal ordinances)")), Article 56, Article 58, Article 64, Article 65, Article 68, and Article 69 of the Supplementary Provisions: the date specified by Cabinet Order for each provision within a period not exceeding one year from the date of promulgation.

(Transitional Measures Concerning Penal Provisions)

Article 71 Prior laws and regulations continue to govern the application of penal provisions to acts committed before the enforcement of this Act (in the case of the provisions stated in each item of Article 1 of the Supplementary Provisions, those provisions; the same applies below in this Article) and acts committed after the enforcement of this Act when prior laws and regulations continue to govern pursuant to the provisions of these Supplementary Provisions.

(Matters to Be Determined by Cabinet Orders)

Article 72 Beyond what is provided for in these Supplementary Provisions, transitional measures necessary for the enforcement of this Act (including transitional measures concerning penal provisions) are specified by Cabinet Order.

Supplementary Provisions [Act No. 68 of June 17, 2022] [Extract]

(Effective Date)

- (1) This Act comes into effect on the date on which the Act Partially Amending the Penal Code, etc. comes into effect; provided, however, that the provisions stated in the following items come into effect on the date provided in each item.
- (i) the provisions of Article 509: the date of promulgation.

Supplementary Provisions [Act No. 100 of December 16, 2022] [Extract]

(Effective Date)

- (1) This Act comes into effect on the date specified by Cabinet Order within a period not exceeding six months from the date of promulgation; provided, however, that the provisions stated in the following items come into effect on the date provided in each item.
 - (i) the provisions amending Article 2, paragraph (1) and the provisions amending Article 56, paragraph (2): the date of promulgation;
 - (ii) the provisions amending Article 52 and the provisions of the following paragraph: the day after the final day in the one-month period that commences on the promulgation date.