

# Regulations for Enforcement of the Companies Act

(Ministry of Justice Order No. 12 of 2006)

Regulations for Enforcement of the Companies Act are established as follows, pursuant to the provisions of the Companies Act (Act No. 86 of 2005) and the Order for Enforcement of the Companies Act (Cabinet Order No. 364 of 2005).

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**Part I General Provisions**

**Chapter I General Rules**

(Purpose)

Article 1 The purpose of this Ministerial Order is to provide matters based on the mandates of the Companies Act (Act No. 86 of 2005; referred to below as "the Act") and other matters necessary for the enforcement of the Companies Act.

(Definitions)

Article 2 (1) In this Ministerial Order, the terms "company," "foreign company," "subsidiary company," "subsidiary company, etc.," "parent company," "parent company, etc.," "public company," "company with board of directors," "company with accounting advisor," "company with company auditor," "company with board of company auditors," "company with financial auditor," "company with audit and supervisory committee," "company with nominating committee, etc.," "company with class shares," "general meeting of class shareholders," "outside director," "outside company auditor," "shares with restrictions on transfer," "shares subject to call," "share unit," "share option," "bond with share options," "bond," "dividend property," "entity conversion," "absorption-type merger," "consolidation-type merger," "absorption-type company split," "incorporation-type company split," "share exchange," "share transfer," "partial share exchange," and "electronic public notice," mean the company, foreign company, subsidiary company, subsidiary company, etc., parent company, parent company, etc., public company, company with board of directors, company with accounting advisor, company with company auditor, company with board of company auditors, company with financial auditor, company with audit and supervisory committee, company with nominating committee, etc., company with class shares, general meeting of class shareholders, outside director, outside company auditor, shares with restrictions on transfer, shares subject to call, share unit, share option, bond with share options, bond, dividend property, entity conversion, absorption-type merger, consolidation-type merger, absorption-type company split, incorporation-type company split, share exchange, share transfer, partial share exchange, and electronic public notice provided in Article 2 of the Act, respectively.

(2) In this Ministerial Order, the meanings of the following terms are as stated in each of the following items:

(i) "nominating committee, etc." means a nominating committee, etc. as provided in Article 2, item (xii) of the Act;

- (ii) "class shareholder" means a class shareholder as provided in Article 2, item (xiv) of the Act;
- (iii) "executive director" means an executive director as provided in Article 2, item (xv), (a) of the Act;
- (iv) "executive director, etc." means an executive director, etc. as provided in Article 2, item (xv), (a) of the Act.
- (v) "issued shares" means issued shares as provided in Article 2, item (xxxi) of the Act;
- (vi) "electronic or magnetic means" means electronic or magnetic means as provided in Article 2, item (xxxiv) of the Act;
- (vii) "shares issued at incorporation" means shares issued at incorporation as provided in Article 25, paragraph (1), item (i) of the Act;
- (viii) "securities" means securities as provided in Article 33, paragraph (10), item (ii) of the Act;
- (ix) "bank, etc." means a bank, etc. as provided in Article 34, paragraph (2) of the Act;
- (x) "total number of authorized shares" means the total number of authorized shares as provided in Article 37, paragraph (1) of the Act;
- (xi) "director at incorporation" means a director at incorporation as provided in Article 38, paragraph (1) of the Act;
- (xii) "audit and supervisory committee member at incorporation" means an audit and supervisory committee member at incorporation as provided in Article 38, paragraph (2) of the Act;
- (xiii) "audit and supervisory committee member" means an audit and supervisory committee member as provided in Article 38, paragraph (2) of the Act;
- (xiv) "accounting advisor at incorporation" means an accounting advisor at incorporation as provided in Article 38, paragraph (3), item (i) of the Act;
- (xv) "company auditor at incorporation" means a company auditor at incorporation as provided in Article 38, paragraph (3), item (ii) of the Act;
- (xvi) "financial auditor at incorporation" means a financial auditor at incorporation as provided in Article 38, paragraph (3), item (iii) of the Act;
- (xvii) "representative director" means a representative director as provided in Article 47, paragraph (1) of the Act;
- (xviii) "executive officer at incorporation" means an executive officer at incorporation as provided in Article 48, paragraph (1), item (ii) of the Act;
- (xix) "shares solicited at incorporation" means shares solicited at incorporation as provided in Article 58, paragraph (1) of the Act;
- (xx) "shareholder at incorporation" means a shareholder at incorporation as provided in Article 65, paragraph (1) of the Act;
- (xxi) "organizational meeting" means an organizational meeting as provided in Article 65, paragraph (1) of the Act;

(xxii) "reference documents for an organizational meeting" means reference documents for an organizational meeting as provided in Article 70, paragraph (1) of the Act;

(xxiii) "organizational meeting of class shareholders" means an organizational meeting of class shareholders as provided in Article 84 of the Act;

(xxiv) "total number of authorized shares in a class" means the total number of authorized shares in a class as provided in Article 101, paragraph (1), item (iii) of the Act;

(xxv) "shares, etc." means shares, etc. as provided in Article 107, paragraph (2), item (ii), (e) of the Act;

(xxvi) "treasury shares" means treasury shares as provided in Article 113, paragraph (4) of the Act;

(xxvii) "share certificate-issuing company" means a share certificate-issuing company as provided in Article 117, paragraph (7) of the Act;

(xxviii) "information required to be entered in the shareholder register" means information required to be entered in the shareholder register as provided in Article 121 of the Act;

(xxix) "shareholder register administrator" means a shareholder register administrator as provided in Article 123 of the Act;

(xxx) "acquirer of shares" means an acquirer of shares as provided in Article 133, paragraph (1) of the Act;

(xxxi) "parent company's shares" means parent company's shares as provided in Article 135, paragraph (1) of the Act;

(xxxii) "requester for approval of a transfer" means a requester for approval of a transfer as provided in Article 139, paragraph (2) of the Act;

(xxxiii) "subject shares" means subject shares as provided in Article 140, paragraph (1) of the Act;

(xxxiv) "designated purchaser" means a designated purchaser as provided in Article 140, paragraph (4) of the Act;

(xxxv) "amount of net assets per share" means the amount of net assets per share as provided in Article 141, paragraph (2) of the Act;

(xxxvi) "registered pledgee of shares" means the registered pledgee of shares as provided in Article 149, paragraph (1) of the Act;

(xxxvii) "monies, etc." means monies, etc. as provided in Article 151, paragraph (1) of the Act;

(xxxviii) "shares subject to class-wide call" means shares subject to class-wide call as provided in Article 171, paragraph (1) of the Act;

(xxxix) "special controlling shareholder" means a special controlling shareholder as provided in Article 179, paragraph (1) of the Act;

(xl) "demand for a share cash-out" means a demand for a share cash-out as provided in Article 179, paragraph (2) of the Act;

(xli) "subject company" means a subject company as provided in Article 179, paragraph (2) of the Act;

(xlii) "demand for a share option cash-out" means a demand for a share option cash-out as provided in Article 179, paragraph (3) of the Act;

(xliii) "shares subject to a cash-out" means shares subject to a cash-out as provided in Article 179-2, paragraph (1), item (ii) of the Act;

(xliv) "share options subject to a cash-out" means share options subject to a cash-out as provided in Article 179-2, paragraph (1), item (iv), (b) of the Act;

(xlv) "shares, etc. subject to a cash-out" means shares, etc. subject to a cash-out as provided in Article 179-2, paragraph (1), item (v) of the Act;

(xlvi) "demand for a share, etc. cash-out" means a demand for a share, etc. cash-out as provided in Article 179-3, paragraph (1) of the Act;

(xlvii) "shareholder, etc. subject to a cash-out" means a shareholder, etc. subject to a cash-out as provided in Article 179-4, paragraph (1), item (i) of the Act;

(xlviii) "demand for the sale of shares less than one unit" means a demand for the sale of shares less than one unit as provided in Article 194, paragraph (1) of the Act;

(xlix) "shares for subscription" means shares for subscription as provided in Article 199, paragraph (1) of the Act;

(l) "date of registration of a lost share certificate" means the date of registration of a lost share certificate as provided in Article 221, item (iv) of the Act;

(li) "registration of a lost share certificate" means registration of a lost share certificate as provided in Article 223 of the Act;

(lii) "registrant of a lost share certificate" means a registrant of a lost share certificate as provided in Article 224, paragraph (1) of the Act;

(liii) "share options for subscription" means share options for subscription as provided in Article 238, paragraph (1) of the Act;

(liv) "certificates of bonds with share options" means certificates of bonds with share options as provided in Article 249, item (ii) of the Act;

(lv) "bond with share options for which a certificate is issued" means a bond with share options for which a certificate is issued as provided in Article 249, item (ii) of the Act;

(lvi) "share option certificates" means share option certificates as provided in Article 249, item (iii), (d) of the Act;

(lvii) "own share options" means a stock company's own share options as provided in Article 255, paragraph (1) of the Act;

(lviii) "acquirer of share options" means an acquirer of share options as provided in Article 260, paragraph (1) of the Act;

(lix) "share options subject to call" means share options subject to call as provided in Article 273, paragraph (1) of the Act;

(lx) "allotment of share options without contribution" means the allotment of share options without contribution as provided in Article 277 of the Act;

(lxi) "reference documents for a shareholders meeting" means reference documents for a shareholders meeting as provided in Article 301, paragraph (1) of the Act;

(lxii) "measures for electronic provision" means measures for electronic provision as provided in Article 325-2 of the Act;

(lxiii) "remuneration, etc." means remuneration, etc. as provided in Article 361, paragraph (1) of the Act;

(lxiv) "minutes, etc." means the minutes, etc. as provided in Article 371, paragraph (1) of the Act;

(lxv) "executive officer, etc." means the executive officer as provided in Article 404, paragraph (2), item (i) of the Act;

(lxvi) "officer, etc." means an officer, etc. as provided in Article 423, paragraph (1) of the Act;

(lxvii) "indemnity agreement" means the indemnity agreement as provided in Article 430-2, paragraph (1) of the Act;

(lxviii) "officer, etc. indemnification insurance policy" means the officer, etc. indemnification insurance policy as provided in Article 430-3, paragraph (1) of the Act;

(lxix) "provisional account closing date" means the provisional account closing date as provided in Article 441, paragraph (1) of the Act;

(lxx) "provisional financial statements" means provisional financial statements as provided in Article 441, paragraph (1) of the Act;

(lxxi) "consolidated financial statements" means consolidated financial statements as provided in Article 444, paragraph (1) of the Act;

(lxxii) "distributable amount" means a distributable amount as provided in Article 461, paragraph (2) of the Act;

(lxxiii) "business transfer, etc." means a business transfer, etc. as provided in Article 468, paragraph (1) of the Act;

(lxxiv) "liquidating stock company" means a liquidating stock company as provided in Article 476 of the Act;

(lxxv) "company with a board of liquidators" means a company with a board of liquidators as provided in Article 478, paragraph (8) of the Act;

(lxxvi) "inventory of property, etc." means inventory of property, etc. as provided in Article 492, paragraph (1) of the Act;

(lxxvii) "each liquidation year" means each liquidation year as provided in Article 494, paragraph (1) of the Act;

(lxxviii) "balance sheet, etc." means a balance sheet, etc. as provided in Article 496, paragraph (1) of the Act;

(lxxix) "agreement claims" means agreement claims as provided in Article 515, paragraph (3) of the Act;

(lxxx) "agreement claim creditor" means an agreement claim creditor as provided in Article 517, paragraph (1) of the Act;

(lxxxii) "reference documents for creditors meeting" means reference documents for creditors meeting as provided in Article 550, paragraph (1) of the Act;

(lxxxiii) "membership company" means a membership company as provided in Article 575, paragraph (1) of the Act;

(lxxxiiii) "liquidating membership company" means a liquidating membership company as provided in Article 645 of the Act;

(lxxxv) "bonds for subscription" means bonds for subscription as provided in Article 676 of the Act;

(lxxxvi) "bond-issuing company" means a bond-issuing company as provided in Article 682, paragraph (1) of the Act;

(lxxxvii) "bond register administrator" means a bond register administrator as provided in Article 683 of the Act;

(lxxxviii) "reference documents for bondholders meeting" means reference documents for bondholders meeting as provided in Article 721, paragraph (1) of the Act;

(lxxxix) "membership company after entity conversion" means a membership company after entity conversion as provided in Article 744, paragraph (1), item (i) of the Act;

(lxxxix) "bonds, etc." means bonds, etc. as provided in Article 746, paragraph (1), item (vii), (d) of the Act.

(xc) "company disappearing in an absorption-type merger" means a company disappearing in an absorption-type merger as provided in Article 749, paragraph (1), item (i) of the Act;

(xci) "company surviving an absorption-type merger" means a company surviving an absorption-type merger as provided in Article 749, paragraph (1) of the Act.

(xcii) "stock company surviving an absorption-type merger" means a stock company surviving an absorption-type merger as provided in Article 749, paragraph (1), item (i) of the Act;

(xciii) "stock company disappearing in an absorption-type merger" means a stock company disappearing in an absorption-type merger as provided in Article 749, paragraph (1), item (ii) of the Act;

(xciv) "membership company surviving an absorption-type merger" means a membership company surviving an absorption-type merger as provided in Article 751, paragraph (1), item (i) of the Act;

(xcv) "company incorporated in a consolidation-type merger" means a company incorporated in a consolidation-type merger as provided in Article 753, paragraph (1) of the Act;

(xcvi) "company disappearing in a consolidation-type merger" means a company disappearing in a consolidation-type merger as provided in Article 753, paragraph (1), item (i) of the Act;

(xcvii) "stock company incorporated in a consolidation-type merger" means a stock company incorporated in a consolidation-type merger as provided in Article 753, paragraph (1), item (ii) of the Act;

(xcviii) "stock company disappearing in a consolidation-type merger" means a stock company disappearing in a consolidation-type merger as provided in Article 753, paragraph (1), item (vi) of the Act;

(xcix) "company succeeding in an absorption-type split" means a company succeeding in an absorption-type split as provided in Article 757 of the Act;

(c) "company splitting in an absorption-type split" means a company splitting in an absorption-type split as provided in Article 758, item (i) of the Act;

(ci) "stock company succeeding in an absorption-type split" means a stock company succeeding in an absorption-type split as provided in Article 758, item (i) of the Act;

(cii) "stock company splitting in an absorption-type split" means a stock company splitting in an absorption-type split as provided in Article 758, item (ii) of the Act;

(ciii) "membership company succeeding in an absorption-type split" means a membership company succeeding in an absorption-type split as provided in Article 760, item (i) of the Act;

(civ) "company splitting in an incorporation-type split" means a company splitting in an incorporation-type split as provided in Article 763, paragraph (1), item (v) of the Act;

(cv) "stock company splitting in an incorporation-type split" means a stock company splitting in an incorporation-type split as provided in Article 763, paragraph (1), item (v) of the Act;

(cvi) "company incorporated in an incorporation-type split" means a company incorporated in an incorporation-type split as provided in Article 763, paragraph (1) of the Act;

(cvii) "stock company incorporated in an incorporation-type split" means a stock company incorporated in an incorporation-type split as provided in Article 763, paragraph (1), item (i) of the Act;

(cviii) "membership company incorporated in an incorporation-type split" means a membership company incorporated in an incorporation-type split as provided in Article 765, paragraph (1), item (i) of the Act;

(cix) "wholly owning parent company resulting from a share exchange" means a wholly owning parent company resulting from a share exchange as provided in Article 767 of the Act;

(cx) "wholly owned subsidiary company resulting from a share exchange" means a wholly owned subsidiary company resulting from a share exchange as provided in Article 768, paragraph (1), item (i) of the Act;

(cxi) "wholly owning parent stock company resulting from a share exchange" means a wholly owning parent stock company resulting from a share exchange as provided in Article 768, paragraph (1), item (i) of the Act;

(cxii) "wholly owning parent limited liability company resulting from a share exchange" means a wholly owning parent limited liability company resulting from a share exchange as provided in Article 770, paragraph (1), item (i) of the Act;

(cxiii) "wholly owning parent company incorporated in a share transfer" means a wholly owning parent company incorporated in a share transfer as provided in Article 773, paragraph (1), item (i) of the Act;

(cxiv) "wholly owned subsidiary company resulting from a share transfer" means a wholly owned subsidiary company resulting from a share transfer as provided in Article 773, paragraph (1), item (v) of the Act;

(cxv) "parent company resulting from a partial share exchange" meaning a parent company resulting from a partial share exchange provided in Article 774-3, paragraph (1), item (i) of the Act;

(cxvi) "subsidiary company resulting from a partial share exchange" meaning a subsidiary company resulting from a partial share exchange provided in Article 774-3, paragraph (1), item (i) of the Act;

(cxvii) "limited liability company splitting in an absorption-type split" means a limited liability company splitting in an absorption-type split as provided in Article 793, paragraph (2) of the Act;

(cxviii) "surviving stock company, etc." means a surviving stock company, etc. as provided in Article 794, paragraph (1) of the Act;

(cxix) "limited liability company splitting in an incorporation-type split" means a limited liability company splitting in an incorporation-type split as provided in Article 813, paragraph (2) of the Act.

(cxx) "action to enforce liability, etc." means an action to enforce liability, etc. as provided in Article 847, paragraph (1) of the Act.

(cxxi) "wholly owned subsidiary company resulting from a share exchange, etc." means a wholly owned subsidiary company resulting from a share exchange, etc. as provided in Article 847-2, paragraph (1) of the Act.

(cxxii) "ultimate, wholly owning parent company, etc." means an ultimate, wholly owning parent company, etc. prescribed in Article 847-3, paragraph (1) of the Act;

(cxxiii) "action to enforce specific liability" means an action to enforce specific liability as provided in Article 847-3, paragraph (1) of the Act;

(cxxiv) "wholly owning parent company, etc." means a wholly owning parent company, etc. as provided in Article 847-3, paragraph (2) of the Act;

(cxxxv) "wholly owned subsidiary company, etc." means a wholly owned subsidiary company, etc. as provided in Article 847-3, paragraph (2), item (ii) of the Act;

(cxxxvi) "specific liability" means the specific liability as provided in Article 847-3, paragraph (4) of the Act;

(cxxxvii) "wholly owning parent company resulting from a share exchange, etc." means a wholly owning parent company resulting from a share exchange, etc. as provided in Article 849, paragraph (2), item (i) of the Act.

(3) In this Ministerial Order, the meanings of the terms stated in the following items are as prescribed in each of the following items:

(i) "corporation, etc." means a corporation or other organization;

(ii) "company, etc." means a company (including a foreign company), partnership (including an entity that is equivalent to a partnership in a foreign country), or other business entity equivalent to them;

(iii) "officer" means a company director, accounting advisor, company auditor, executive officer, director, auditor, or any other corporate role equivalent to these;

(iv) "company officer" means a company director, accounting advisor, company auditor, or executive officer of the stock company;

(v) "outside officer" means a company officer who falls under all of the following:

(a) the company officer is an outside director or outside company auditor;

(b) the company officer falls under any of the following requirements:

1. the company officer is an outside director under Article 327-2, Article 331, paragraph (6), Article 373, paragraph (1), item (ii), Article 399-13, paragraph (5) or Article 400, paragraph (3) of the Act;

2. the company officer is an outside company auditor under Article 335, paragraph (3) of the Act;

3. the company officer is indicated as an outside director or outside company auditor of the stock company in accounting documents, business reports, reference documents for shareholders meetings, or other materials prepared by the stock company pursuant to the provisions of laws and regulations and other equivalent legal requirements;

(vi) "executive" means a person stated below:

(a) an executive director, an executive officer, or any other officer executing the operations of a corporation, etc. (excluding an outside director who has been entrusted under Article 348-2, paragraph (1) or (2) of the Act);

(b) a member who executes the operations, a person who is to perform the duties under Article 598, paragraph (1) of the Act, or any other person equivalent to these;

(c) an employee;

(vii) "candidate for outside director" means a candidate who falls under all of the following:

(a) the candidate is expected to become an outside director if the candidate assumes office as a director of the stock company;

(b) the candidate falls under either of the following requirements:

1. the candidate is expected to serve as an outside director under Article 327-2, Article 331, paragraph (6), Article 373, paragraph (1), item (ii), Article 399-13, paragraph (5) or Article 400, paragraph (3) of the Act;

2. the candidate is expected to be listed as an outside director of the stock company in accounting documents, business reports, reference documents for shareholders meetings, or other materials prepared by the stock company, pursuant to the provisions of laws and regulations and other equivalent legal requirements;

(viii) "candidate for outside company auditor" means a candidate who falls under all of the following:

(a) the candidate is expected to become an outside company auditor if the candidate assumes office as a company auditor of the stock company;

(b) the candidate falls under either of the following requirements:

1. the candidate is expected to serve as an outside company auditor under Article 335, paragraph (3) of the Act;

2. the candidate is expected to be listed as an outside company auditor of the stock company in accounting documents, business reports, reference documents for shareholders meetings, or other materials prepared by the stock company, pursuant to the provisions of laws and regulations and other equivalent legal requirements;

(ix) "most recent business year" means the periods provided in (a) or (b) below based on the categories of companies stated in (a) or (b) respectively:

(a) stock company: the most recent business year provided in Article 2, item (xxiv) of the Act;

(b) membership company: the latest of the business years for which financial statements have been prepared as provided in Article 617, paragraph (2) of the Act for each business year;

(x) "financial statements" means the documents provided in (a) or (b) below based on the categories of companies stated in (a) or (b) respectively:

(a) stock company: the financial statements as provided in Article 435, paragraph (2) of the Act;

(b) membership company: the financial statements as provided in Article 617, paragraph (2) of the Act;

(xi) "accounting documents" means, for a stock company, the items stated below:

(a) the balance sheet as of the date of the stock company's formation;

(b) the financial statements and any detailed statements annexed to them for each business year;

(c) provisional financial statements;

(d) consolidated financial statements;

(xii) "financial statements, etc." means the items as provided in (a) or (b) below based on the categories of companies stated in (a) or (b) respectively:

(a) stock company: financial statements and business reports for each business year (including audit reports and financial audit reports, if provisions of Article 436, paragraph (1) or paragraph (2) are applicable);

(b) membership company: the financial statements as provided in Article 617, paragraph (2) of the Act;

(xiii) "provisional financial statements, etc." means the provisional financial statements as provided in Article 441, paragraph (1) of the Act (including audit reports and financial audit reports, if provisions of paragraph (2) of that Article are applicable);

(xiv) "share option, etc." means a share option or any other right that allows shares or other equity interests in a corporation, etc. to be delivered to a person through the exercise of a share option or another right against the corporation, etc. (excluding share award rights (meaning the share award rights as provided in Article 2, paragraph (3), item (xxxiv) of the Regulations on Corporate Accounting (Ministry of Justice Order No. 13 of 2006); the same applies below));

(xv) "tender offer, etc." means a tender offer as provided in Article 27-2, paragraph (6) of the Financial Instruments and Exchange Act (Act No. 25 of 1948) (including as applied mutatis mutandis pursuant to Article 27-22-2, paragraph (2) of that Act) and a system equivalent to that tender offer based on the laws and regulations of a foreign country;

(xvi) "acquirer of bonds" means a person who has acquired bonds from a person other than a bond-issuing company (excluding the bond-issuing company);

(xvii) "trust bond" means a bond issued for trust property by the trustee of a trust (meaning the trust property as provided in Article 2, paragraph (3) of the Trust Act (Act. No. 108 of 2006); the same applies below);

(xviii) "officer, etc. at incorporation" means a director at incorporation, accounting advisor at incorporation, company auditor at incorporation, and a financial auditor at incorporation;

(xix) "specified associated service provider" means any of the following:

(a) the entities prescribed in 1. or 2. below based on the categories of cases stated in 1. or 2. respectively:

1. if the stock company has a parent company, etc.: the parent company, etc. and the subsidiary companies, etc. (excluding that stock company) and affiliated companies of the parent company (including entities equivalent to the affiliated companies if the parent company, etc. is not a company);

2. if the stock company has no parent company, etc.: the subsidiary companies and affiliated companies of that stock company;

(b) major trading partners of the stock company (including organizations other than corporations);

(xx) "affiliated company" means an affiliated company as provided in Article 2, paragraph (3), item (xxi) of the Regulations on Corporate Accounting;

(xxi) "company to which consolidated dividend regulations apply" means a company to which consolidated dividend regulations apply as provided in Article 2, paragraph (3), item (lv) of the Regulations on Corporate Accounting;

(xxii) "share exchange on entity conversion" means a share exchange on entity conversion as provided in Article 96-5, paragraph (1) of the Insurance Business Act (Act No. 105 of 1995);

(xxiii) "share transfer on entity conversion" means a share transfer on entity conversion as provided in Article 96-8, paragraph (1) of the Insurance Business Act.

## **Chapter II Subsidiary Companies and Parent Companies**

(Subsidiary Companies and Parent Companies)

Article 3 (1) An entity prescribed by Ministry of Justice Order as provided in Article 2, item (iii) of the Act is another company, etc. if the first company as provided in that item controls decisions on the financial and business policies of that other company, etc.

(2) An entity prescribed by Ministry of Justice Order as provided in Article 2, item (iv) of the Act is the first company, etc. if that company, etc. controls decisions on the financial and business policies of a stock company as provided in that item

(3) The phrase "if a company controls decisions on the financial and business policies" as defined in the preceding two paragraphs means the following: (excluding cases where it is found to be apparent that no control is exercised over any decisions on the financial or business policies of another company, etc., from the viewpoint of financial or business relationships; the same applies below in this paragraph):

(i) if the ratio of the number of voting rights that the first company (including its subsidiary company or subsidiary corporation, etc. (meaning the relevant other company, etc. over whose financial and business policies the first company, etc. that is an entity other than a company has control); the same applies below in this paragraph) holds in another company, etc. (excluding any of the companies, etc. stated below regarding which no effective parent-subsidiary relationship is found to exist; the same applies below in this paragraph) on its own account to the total number of voting rights of that other company, etc. exceeds 50 percent:

(a) a company, etc. that has become subject to an order for the commencement of rehabilitation proceedings as provided in the Civil Rehabilitation Act (Act No. 225 of 1999);

(b) a stock company that has become subject to an order for the commencement of reorganization proceedings as provided in the Corporate Reorganization Act (Act No. 154 of 2002);

(c) a company, etc. that has become subject to an order for the commencement of bankruptcy proceedings as provided in the Bankruptcy Act (Act No. 75 of 2004);

(d) any other company, etc. equivalent to the companies, etc. stated in (a) through (c);

(ii) if the number of voting rights in another company, etc. that the first company, etc. holds on its own account is 40 percent or greater of the total number of voting rights in that other company, etc. (excluding the cases stated in the preceding item), and any one of the following requirements is satisfied:

(a) that the number of the first company's own voting rights (meaning the total number of the voting rights stated below; the same applies in the following item) in another company, etc. exceeds 50 percent of the total number of voting rights in that other company, etc.:

1. voting rights held on the first company's own account;
2. voting rights held by persons who are found to exercise their voting rights in accordance with the wishes of the first company, etc. due to a close relationship with that company in terms of investment, personnel, funds, technology, transactions, or other circumstances;
3. voting rights held by persons who have agreed to exercise their voting rights in accordance with the wishes of the first company, etc.;

(b) the number of the following persons (limited to those capable of exercising influence in connection with decisions on the financial and business policies of another company, etc.) exceeds 50 percent of the total number of members on the board of directors or any other equivalent body of that other company, etc.:

1. an officer of the first company, etc.;
2. a member who executes the operations at the first company, etc.;
3. an employee of the first company, etc.;
4. a person who used to be a person stated in 1. through 3.;

(c) that an agreement, etc. exists under which the first company controls decisions on the important financial and business policies of another company, etc.;

(d) that the amount of financing (including the amount of financing carried out by a party that has a close relationship with the first company, etc. due to investment, personnel, technology, transactions, or other circumstances) (including guarantees on obligations and provision of collateral; the same applies in (d)) that the first company, etc. carries out in another company, etc. exceeds 50 percent of the total amount of the procured funds of that other company, etc. (limited to funds recorded in the section on liabilities in the balance sheet);

(e) that other facts exist suggesting that the first company, etc. controls decisions on the financial and business policies of another company, etc.;

(iii) if the number of the first company's own voting rights in another company, etc. exceeds 50 percent of the total number of voting rights in that other company, etc. (including if the company, etc. does not hold the voting rights on its own account, and excluding the cases stated in the preceding two items), and if any one of the requirements stated in (b) through (e) of the preceding item is satisfied.

(4) A subsidiary company under Article 135, paragraph (1) of the Act is deemed to be the stock company as provided in Article 2, item (iv) of paragraph (2) with regard

to the application of the provisions of paragraph (2) to the parent company under Article 135, paragraph (1) of the Act.

(Subsidiary Companies and Parent Companies)

Article 3-2 (1) An entity prescribed by Ministry of Justice Order as provided in Article 2, item (iii)-2, (b) of the Act is another company, etc. if the person as provided in (b) of that item controls decisions on the financial and business policies of that other company, etc.

(2) An entity prescribed by Ministry of Justice Order as provided in Article 2, item (iv)-2, (b) of the Act is a person (excluding a person who is a company, etc.) if that person controls decisions on the financial and business policies of the stock company as provided in (b) of that item.

(3) The phrase "if a company controls decisions on the financial and business policies" as defined in the preceding two paragraphs means the following (excluding cases where it is found to be apparent that no control is exercised over any decisions on the financial or business policies of another company, etc., from the viewpoint of financial or business relationships; the same applies below in this paragraph):

(i) if the ratio of the number of voting rights that the person (including its subsidiary company, etc.; the same applies below in this paragraph) holds in another company, etc. (excluding any of the companies, etc. stated below regarding which no effective parent-subsidiary relationship is found to exist; the same applies below in this paragraph) on its own account to the total number of voting rights of that other company, etc. exceeds 50 percent:

(a) a company, etc. that has become subject to an order for the commencement of rehabilitation proceedings as provided in the Civil Rehabilitation Act;

(b) a stock company that has become subject to an order for the commencement of reorganization proceedings as provided in the Corporate Reorganization Act;

(c) a company, etc. that has become subject to an order for the commencement of bankruptcy proceedings as provided in the Bankruptcy Act;

(d) any other company, etc. equivalent to the companies, etc. stated in (a) through (c);

(ii) if the number of voting rights in another company, etc. that the person holds on its own account is 40 percent or greater of the total number of voting rights in that other company, etc. (excluding the cases stated in the preceding item), and any one of the following requirements is satisfied:

(a) that the number of the person's own voting rights (meaning the total number of the voting rights stated below; the same applies in the following item) in another company, etc. exceeds 50 percent of the total number of voting rights in that other company, etc.:

1. voting rights held on the person's own account;

2. voting rights held by persons who are found to exercise their voting rights in accordance with the wishes of the person due to a close relationship with that

person in terms of investment, personnel, funds, technology, transactions or other circumstances;

3. voting rights held by persons who have agreed to exercise their voting rights in accordance with the wishes of the person;

4. voting rights held by a spouse or a relative within the second degree of kinship of the person (limited to a natural person):

(b) that the number of the following persons (limited to those capable of exercising influence in connection with decisions on the financial and business policies of another company, etc.) exceeds 50 percent of the total number of members on the board of directors or any other equivalent body of that other company, etc.:

1. the person (limited to a natural person);

2. an officer of the person;

3. a member who executes operations of the person;

4. an employee of the person;

5. a person who used to be a person stated in 2. through 4.;

6. a spouse or a relative within the second degree of kinship of the person (limited to a natural person);

(c) that an agreement, etc. exists under which the person controls decisions on the important financial and business policies of another company, etc.;

(d) that the amount of financing (including the amount of financing carried out by a party that has a close relationship with the person due to investment, personnel, technology, transactions, or other circumstances and a spouse or a relative within the second degree of kinship of the person (limited to a natural person)) (including guarantees on obligations and provision of collateral; the same applies in (d)) that the person carries out in another company, etc. exceeds 50 percent of the total amount of procured funds of that other company, etc. (limited to funds recorded in the section on liabilities in the balance sheet);

(e) that other facts exist suggesting that the person controls decisions on the financial and business policies of another company, etc.;

(iii) if the number of the person's own voting rights in another company, etc. exceeds 50 percent of the total number of voting rights in that other company, etc. (including if the person does not hold the voting rights on its own account, and excluding the cases stated in the preceding two items), and if any one of the requirements stated in (b) through (e) of the preceding item is satisfied.

(Special Provisions on Special Purpose Companies)

Article 4 Notwithstanding the provisions of Article 3, if any of the requirements stated below are met, a special purpose company (meaning a special purpose company as provided in Article 2, paragraph (3) of the Act on Securitization of Assets (Act No. 105 of 1998) and a business entity engaged in business operations that are the same as those of a special purpose company for which modifications of

the type of business operations have been restricted; the same applies below in this Article) is presumed not to fall under the category of a subsidiary company of a company that transferred assets to the special purpose company:

(i) the special purpose company has been incorporated for the purpose of allowing the owner (including an obligee connected with the specific borrowings as provided in Article 2, paragraph (12) of the Act on Securitization of Assets and an obligee connected with similar borrowings) of the securities (including rights that are to be indicated on the securities) it issues to enjoy the gains generated from the assets that the special purpose company received at a fair price;

(ii) the business operations of the special purpose company are being executed appropriately in accordance with its purpose.

(Subsidiary Company Resulting from a Partial Share Exchange)

Article 4-2 An entity prescribed by Ministry of Justice Order as provided in Article 2, item (xxxii)-2 of the Act is another company, etc. if the first company as provided in item (iii) of that Article controls decisions on the financial and business policies of that other company, etc. (limited to the case in Article 3, paragraph (3), item (i)).

## **Part II Stock Companies**

### **Chapter I Incorporation**

#### **Section 1 General Rules**

(Incorporation Expenses)

Article 5 Those prescribed by Ministry of Justice Order as provided in Article 28, item (iv) of the Act are as follows:

(i) stamp tax imposed in relation to articles of incorporation;

(ii) fees and compensation to be paid to the bank, etc. that handled the payment of the money to be paid in exchange for the shares issued at incorporation;

(iii) compensation for inspectors that is determined pursuant to the provisions of Article 33, paragraph (3) of the Act;

(iv) registration and license tax for the registration of the incorporation of a stock company.

(Securities with a Market Price Not Requiring an Investigation by the Inspector)

Article 6 The method prescribed by Ministry of Justice Order as provided in Article 33, paragraph (10), item (ii) of the Act is to consider the higher of the amounts stated below as the price of the securities prescribed in that item:

(i) the closing price in the market on which the securities are traded as of the date of the certification under Article 30, paragraph (1) of the Act (if there are no purchase and sale transactions on the date, or if the date falls on a holiday for the relevant market, the price at which the first purchase and sale transaction was carried out after that point);

(ii) if the securities are subject to a tender offer, etc. on the date of certification under Article 30, paragraph (1) of the Act, the price of the securities in the contract related to the tender offer, etc. on the relevant date.

(Banks)

Article 7 Those prescribed by Ministry of Justice Order as provided in Article 34, paragraph (2) of the Act are as follows:

(i) the Shoko Chukin Bank;

(ii) an agricultural cooperative or a federation of agricultural cooperatives engaged in the business under Article 10, paragraph (1), item (iii) of the Agricultural Co-operatives Act (Act No. 132 of 1947);

(iii) a fishery cooperative, a federation of fishery cooperatives, a fishery processing cooperative, or a federation of fishery processing cooperatives engaged in the business under Article 11, paragraph (1), item (iv), or Article 87, paragraph (1), item (iv), or Article 93, paragraph (1), item (ii), or Article 97, paragraph (1), item (ii) of the Fishery Industry Cooperative Act (Act No. 242 of 1948);

(iv) a credit cooperative, or a federation of cooperatives engaged in the business under Article 9-9, paragraph (1), item (i) of the Small and Medium-Sized Enterprise Cooperatives Act (Act No. 181 of 1949);

(v) Shinkin Bank or a federation of Shinkin Banks;

(vi) Labor Bank or the Rokinren Banks;

(vii) the Norinchukin Bank.

(Incorporators to Be Held Liable for Falsifying the Performance of Contributions)

Article 7-2 The persons prescribed by Ministry of Justice Order as provided in Article 52-2, paragraph (2) of the Act are as follows:

(i) an incorporator and director at incorporation performing duties related to the falsification of the performance of contributions (meaning the performance of contributions as provided in Article 35 of the Act; the same applies in the following item);

(ii) if the performance of contributions is falsified based on a resolution at an organizational meeting, the persons stated below:

(a) an incorporator who submits a proposal related to the falsification of the performance of contributions at an organizational meeting;

(b) an incorporator who consents to the decision to submit the proposal in (a);

(c) an incorporator and director at incorporation who provide explanations regarding matters related to the falsification of the performance of contributions at an organizational meeting.

## **Section 2 Incorporation through Offering Shares for Subscription**

(Matters to Be Disclosed to Persons Who Wish to Make an Offer)

Article 8 The matters prescribed by Ministry of Justice Order as provided in Article 59, paragraph (1), item (v) of the Act are as follows:

(i) the shares issued at incorporation allotted to each incorporator pursuant to the provisions of Article 32, paragraph (1), item (i) of the Act (limited to those for which contributions have been made) and the number of shares solicited at incorporation that each incorporator subscribed for (if the stock company to be incorporated is a company with class shares, the classes and the number of shares per class);

(ii) the content of the determinations under Article 32, paragraph (2) of the Act;

(iii) if the articles of incorporation contain provisions indicating that a shareholder register administrator is to be appointed, the name, address, and business office of that administrator;

(iv) matters as provided in the articles of incorporation (excluding the information stated in Article 59, paragraph (1), item (i) through item (iv) of the Act and in the preceding item), regarding which the incorporator has been requested to give a notification by a person who seeks to file an application to subscribe for shares solicited at incorporation.

(Matters Determined in a Calling)

Article 9 The matters prescribed by Ministry of Justice Order as provided in Article 67, paragraph (1), item (v) of the Act are as follows:

(i) if the matters stated in Article 67, paragraph (1), item (iii) or item (iv) are prescribed, the following matters:

(a) matters to be included in the reference documents for an organizational meeting pursuant to the provisions of paragraph (1) of the following Article;

(b) if the matters stated in Article 67, paragraph (1), item (iii) of the Act are prescribed, the time limit on the exercise of voting rights in writing (limited to a time limit set on or after the date on which two weeks have passed from the date when a notice was issued under Article 68, paragraph (1) of the Act and also on or before the date and time of the organizational meeting);

(c) if the matters stated in Article 67, paragraph (1), item (iv) of the Act are prescribed, the time limit on the exercise of voting rights by electronic or magnetic means (limited to a time limit set on or after the date on which two weeks have passed from the date when a notice was issued under Article 68, paragraph (1) of the Act and also on or before the date and time of the organizational meeting);

(d) if the treatment referred to in Article 11, paragraph (1), item (ii) is to be prescribed, the content of that treatment;

(e) if a single shareholder at incorporation exercises voting rights in duplicate with respect to the same proposal pursuant to the provisions stated below in accordance with the categories of cases stated below, if matters regarding treatment of the exercise of voting rights by the shareholder at incorporation are decided (excluding the cases prescribed in the following item) when the content of the exercise of voting rights with respect to the same proposal differs, those matters:

1. if the matters stated in Article 67, paragraph (1), item (iii) of the Act are prescribed: Article 75, paragraph (1) of the Act;

2. if the matters stated in Article 67, paragraph (1), item (iv) of the Act are prescribed: Article 76, paragraph (1) of the Act;

(ii) if the matters stated in Article 67, paragraph (1), item (iii) and item (iv) are prescribed, the following matters:

(a) if it has been decided that voting forms (meaning the voting forms prescribed in that paragraph; the same applies below in this Section) are to be delivered (including provision by electronic or magnetic means under Article 70, paragraph (2) of the Act in lieu of the delivery) under Article 70, paragraph (1) to a shareholder at incorporation if a demand has been made by the shareholder at incorporation who has given consent under Article 68, paragraph (3) of the Act, that fact;

(b) if a single shareholder at incorporation exercises voting rights in duplicate with respect to the same proposal pursuant to the provisions of Article 75, paragraph (1) or Article 76, paragraph (1) of the Act, if matters regarding treatment of the exercise of voting rights by the shareholder at incorporation are decided when the content of the exercise of voting rights with respect to the same proposal differs, those matters;

(iii) in cases other than the cases prescribed in item (i), if the following matters are for the purpose of the organizational meeting, a description of the proposals related to those matters:

(a) election of officer, etc. at incorporation;

(b) amendment of articles of incorporation.

(Reference Documents for Organizational Meetings)

Article 10 (1) The matters to be stated in the reference documents for an organizational meeting to be delivered pursuant to the provisions of Article 70, paragraph (1) or Article 71, paragraph (1) of the Act are as follows:

(i) proposals and reasons for motions;

(ii) if a proposal is related to the election of a director at incorporation (if the stock company to be incorporated is a company with audit and supervisory committee, excluding a director at incorporation who is audit and supervisory committee member at incorporation), the information as provided in Article 74 regarding the director at incorporation;

(iii) if a proposal is related to the election of a director at incorporation who is audit and supervisory committee member at incorporation, the information as provided in Article 74-3 regarding the director at incorporation who is audit and supervisory committee member at incorporation;

(iv) if a proposal is related to the election of an accounting advisor at incorporation, the information as provided in Article 75 regarding the accounting advisor at incorporation;

(v) if a proposal is related to the election of a company auditor at incorporation, the information as provided in Article 76 regarding the company auditor at incorporation;

(vi) if a proposal is related to the election of a financial auditor at incorporation, the information as provided in Article 77 regarding the financial auditor at incorporation;

(vii) if a proposal is related to the dismissal of an officer, etc. at incorporation, the reason for that dismissal;

(viii) in addition to what is stated in the preceding items, information found to be of reference in the exercise of voting rights by a shareholder at incorporation.

(2) The delivery of the reference documents for an organizational meeting prepared by the incorporator who prescribed the matters stated in Article 67, paragraph (1), item (iii) and item (iv) of the Act (including provision by electronic or magnetic means in lieu of the delivery) is to be the delivery of the reference documents for an organizational meeting under Article 70, paragraph (1) and Article 71, paragraph (1) of the Act.

(Voting Forms)

Article 11 (1) The matters to be stated on the voting forms to be delivered pursuant to the provisions of Article 70, paragraph (1) of the Act, or the matters to be stated on the voting forms to be provided by electronic or magnetic means pursuant to the provisions of Article 71, paragraph (3) or paragraph (4) of the Act, are as follows:

(i) a field to record the support for or the opposition to (including abstention, if a field for abstention is provided) each proposal (in the cases stated in (a) or (b) below, the items prescribed in (a) or (b)):

(a) if a proposal is related to the election of two or more officers, etc. at incorporation: the election of those candidates;

(b) if a proposal is related to the dismissal of two or more officers, etc. at incorporation: the dismissal of those officers, etc. at incorporation;

(ii) if the matters stated in Article 9, item (i), (d) are prescribed, when a voting form lacking an entry in the field under the preceding item has been submitted to the incorporator, the content of the handling of the voting form as to whether it is an indication of manifestation of support, opposition, or abstention regarding each proposal;

(iii) if the matters stated in Article 9, item (i), (e) or item (ii), (b) are prescribed, those matters;

(iv) the time limit on the exercise of voting rights;

(v) the name of a shareholder at incorporation to exercise voting rights and the number of exercisable voting rights (including matters prescribed in (a) or (b) below in the cases stated in (a) or (b)):

(a) if the number of exercisable voting rights differs for each proposal: the number of voting rights per proposal;

(b) if voting rights cannot be exercised with regard to some proposals: the proposals for which voting rights can be exercised and the proposals for which voting rights cannot be exercised.

(2) If the matters stated in Article 9, item (ii), (a) are prescribed, if a demand has been made by a shareholder at incorporation who has given consent under Article 68, paragraph (3) of the Act, an incorporator must deliver (including provision by electronic or magnetic means under Article 70, paragraph (2) of the Act in lieu of the delivery) the voting forms under paragraph (1) of that Article to the shareholder.

(Relationships That Allow Substantial Control)

Article 12 If a stock company after its formation (including a subsidiary company of the stock company) holds one quarter or more of the total voting rights of a company, etc. which is a shareholder at incorporation of the stock company after its formation (including voting rights which cannot be exercised pursuant to the provisions of Article 308, paragraph (1) of the Act or other equivalent laws and regulations other than the Act (including laws and regulations of a foreign country); but excluding voting rights related to shares (including items equivalent to shares) for which voting rights cannot be exercised at shareholders meetings (including callings equivalent to shareholders meetings) for all proposals for the appointment of officers, etc. (excluding a financial auditor) and changes to the articles of incorporation (including proposals equivalent to the relevant proposals)), the shareholder at incorporation prescribed in Ministry of Justice Order as provided in Article 72, paragraph (1) of the Act is deemed to be the company, etc. which is the shareholder at incorporation of the stock company after its formation (excluding the shareholder at incorporation if a party other than the shareholder at incorporation cannot exercise their voting rights for a proposal (limited to cases where a proposal is resolved) at the organizational meeting).

(Time Limit on the Exercise of Voting Rights in Writing)

Article 13 The time prescribed by Ministry of Justice Order as provided in Article 75, paragraph (1) of the Act is the time limit on the exercise of voting rights under Article 9, item (i), (b).

(Time Limit on the Exercise of Voting Rights by Electronic or Magnetic Means)

Article 14 The time prescribed by Ministry of Justice Order as provided in Article 76, paragraph (1) of the Act is the time limit on the exercise of voting rights under Article 9, item (i), (c).

(Accountability of Incorporators)

Article 15 The cases prescribed by Ministry of Justice Order as provided in Article 78 of the Act are as follows:

(i) if conducting an investigation is needed in order to provide an explanation regarding any matters for which a shareholder at incorporation has sought an explanation (excluding the matters stated below):

(a) if the shareholder at incorporation notified the incorporator of the matter within a reasonable period of time before the date of the organizational meeting;

(b) if the investigation required in order to explain the matter is extremely simple;

(ii) if explaining the matter regarding which a shareholder at incorporation sought an explanation would infringe upon the rights of the stock company or another corporation after its formation (excluding that shareholder at incorporation);

(iii) if a shareholder at incorporation repeatedly seeks an explanation regarding a matter that is essentially the same at the organizational meeting;

(iv) in addition to the cases stated in the preceding three items, if there are justifiable grounds for not explaining a matter regarding which a shareholder at incorporation has sought an explanation.

(Minutes of Organizational Meetings)

Article 16 (1) The preparation of minutes of organizational meetings under Article 81, paragraph (1) of the Act is governed by the provisions of this Article.

(2) Minutes of organizational meetings must be prepared in writing or as electronic or magnetic records (meaning electronic or magnetic records as provided in Article 26, paragraph (2) of the Act; the same applies below except in Part VII, Chapter IV, Section 2).

(3) Minutes of organizational meetings must include the following matters:

(i) the date, time, and place where the organizational meeting was held;

(ii) a summary of the progress of the agenda of the organizational meeting and the results of that meeting;

(iii) the names of the incorporator, director at incorporation, executive officer at incorporation (if the stock company to be incorporated is a company with audit and supervisory committee, a director at incorporation who is audit and supervisory committee member at incorporation or any other director at incorporation), accounting advisor at incorporation, company auditor at incorporation, and financial auditor at incorporation in attendance at the organizational meeting;

(iv) the name of the chairperson of the organizational meeting, if any;

(v) the name of the incorporator performing duties related to the preparation of the minutes.

(4) In the cases stated in the following items, the minutes of the organizational meeting are to include the matters prescribed in each of the following items:

(i) if a resolution is deemed to have been made at the organizational meeting pursuant to the provisions of Article 82, paragraph (1) of the Act: the following matters:

(a) the content of the matters regarding which a resolution is deemed to have been made at the organizational meeting;

(b) the name of the person who has proposed the matters in (a);

(c) the date on which the resolution is deemed to have been made at the organizational meeting;

(d) the name of the incorporator who has performed duties related to the preparation of the minutes;

(ii) if a report is deemed to have been made to the organizational meeting pursuant to the provisions of Article 83 of the Act: the following matters:

(a) the content of the matters regarding which a report is deemed to have been made to the organizational meeting;

(b) the date on which the report is deemed to have been made to the organizational meeting;

(c) the name of the incorporator who has performed duties related to the preparation of the minutes.

(Organizational Meetings of Class Shareholders)

Article 17 The following provisions apply mutatis mutandis to the matters prescribed in each of the following items:

(i) Article 9: matters prescribed by Ministry of Justice Order as provided in Article 67, paragraph (1), item (v) as applied mutatis mutandis pursuant to Article 86 of the Act;

(ii) Article 10: reference documents for an organizational meeting of class shareholders;

(iii) Article 11: voting forms for an organizational meeting of class shareholders;

(iv) Article 12: a shareholder at incorporation prescribed by Ministry of Justice Order as provided in Article 72, paragraph (1) as applied mutatis mutandis pursuant to Article 86 of the Act;

(v) Article 13: the time prescribed by Ministry of Justice Order as provided in Article 75, paragraph (1) as applied mutatis mutandis pursuant to Article 86 of the Act;

(vi) Article 14: the time prescribed by Ministry of Justice Order as provided in Article 76, paragraph (1) as applied mutatis mutandis pursuant to Article 86 of the Act;

(vii) Article 15: the cases prescribed by Ministry of Justice Order as provided in Article 78 as applied mutatis mutandis pursuant to Article 86 of the Act;

(viii) the preceding Article: preparation of minutes under Article 81, paragraph (1) as applied mutatis mutandis pursuant to Article 86 of the Act.

(Election of Directors at Incorporation by Cumulative Voting)

Article 18 (1) The matters to be prescribed by Ministry of Justice Order pursuant to the provisions of Article 89, paragraph (5) of the Act are governed by the provisions of this Article.

(2) If a demand has been made under Article 89, paragraph (1) of the Act, the incorporator (or the chairperson of the organizational meeting, if any) must disclose that a director at incorporation will be elected pursuant to the provisions of Article

89, paragraph (3) through paragraph (5) before a resolution is made to appoint a director at incorporation (if the stock company to be incorporated is a company with audit and supervisory committee, a director at incorporation who is audit and supervisory committee member at incorporation or any other director at incorporation; the same applies below in this Article) at an organizational meeting under that paragraph.

(3) In the case stated in Article 89, paragraph (4) of the Act, if, when electing directors at incorporation at an organizational meeting under paragraph (1) of that Article, it is not possible to reach the number to be determined at the organizational meeting through the election of the directors at incorporation in the order of the number of votes obtained by each candidate due to the fact that two or more candidates have obtained the same number of votes, the number of directors at incorporation can be less than the determined number, within the scope of the number to be determined through the election of the directors at incorporation in the order of the number of votes obtained by each candidate.

(4) In the case as provided in the preceding paragraph, the number of directors at incorporation obtained by subtracting the number of those regarded as having been elected as directors at incorporation pursuant to the provisions of the preceding paragraph from the number of directors at incorporation to be elected at an organizational meeting under Article 89, paragraph (1) of the Act is the number of directors that are elected by a resolution at the organizational meeting without having to comply with the provisions of paragraph (3) and paragraph (4) of that Article.

(Incorporators to Be Held Liable for Falsifying Payments)

Article 18-2 The persons prescribed by Ministry of Justice Order as provided in Article 103, paragraph (2) of the Act are as follows:

(i) an incorporator and director at incorporation performing duties related to the falsification of payments (meaning the payment under Article 63, paragraph (1) of the Act; the same applies in the following item);

(ii) if payments are falsified based on a resolution at an organizational meeting, the persons stated below:

(a) an incorporator who submits a proposal related to the falsification of payments at an organizational meeting;

(b) an incorporator who consents to the decision to submit the proposal in (a);

(c) an incorporator and director at incorporation who provide explanations regarding matters related to the falsification of payments at an organizational meeting.

## **Chapter II Shares**

### **Section 1 General Provisions**

(Election of Directors and Company Auditors at General Meetings of Class Shareholders)

Article 19 Matters prescribed by Ministry of Justice Order as provided in Article 108, paragraph (2), item (ix), (d) of the Act are as follows:

(i) if a director (in the case of a company with audit and supervisory committee, a director who is an audit and supervisory committee member or any other director) may be elected at a general meeting of class shareholders made up of class shareholders that hold shares of the relevant class, the following matters:

(a) if an outside director (in the case of a company with audit and supervisory committee, an outside director who is an audit and supervisory committee member or any other outside director; the same applies in (a) and (b)) is to be elected at the general meeting of class shareholders, that fact and the number of outside directors who are to be elected;

(b) if some or all of the outside directors who are to be elected pursuant to the provisions of (a) are to be elected jointly with other class shareholders, the class of the shares held by the relevant other class shareholders, and the number of outside directors to be elected jointly;

(c) if there are any conditions that would alter the matters stated in (a) or (b), those conditions, and what the matters stated in (a) or (b) would be after the alterations if those conditions were fulfilled;

(ii) if a company auditor may be elected at a general meeting of class shareholders made up of class shareholders that hold shares of the relevant class, the following matters:

(a) if an outside company auditor is to be elected at the general meeting of class shareholders, that fact and the number of outside company auditors who are to be elected;

(b) if some or all of the outside company auditors who are to be elected pursuant to the provisions of (a) are to be elected jointly with other class shareholders, the class of the shares held by the relevant other class shareholders, and the number of outside company auditors to be elected jointly;

(c) if there are any conditions that would alter the matters stated in (a) or (b), those conditions, and what the matters stated in (a) or (b) would be after the alterations if those conditions were fulfilled.

#### (Features of Classes of Shares)

Article 20 (1) The matters prescribed by Ministry of Justice Order as provided in Article 108, paragraph (3) of the Act are, among the features of the classes of shares that differ from those related to the matters stated in each of the following items, matters other than those provided for in each of the following items:

(i) dividends from surplus: dividend property classes;

(ii) distribution of residual assets: residual asset classes;

(iii) matters for which voting rights may be exercised at a shareholders meeting: the matters stated in Article 108, paragraph (2), item (iii), (a);

(iv) that the approval of the stock company is required for the acquisition of shares of the relevant class by transfer: the matters stated in Article 107, paragraph (2), item (i), (a);

(v) that shareholders may demand that the stock company acquire shares of the relevant class held by those shareholders: the following matters:

(a) the matters stated in Article 107, paragraph (2), item (ii), (a) of the Act;

(b) the kind of property to be delivered to the shareholder of the relevant class in exchange for acquisition of one share of the relevant class;

(vi) that the stock company may acquire shares of the relevant class on the condition of certain grounds arising: the following matters:

(a) a statement indicating that the stock company will acquire those shares on the date when certain grounds arise;

(b) the grounds in Article 107, paragraph (2), item (iii), (a) of the Act in the case prescribed in (b) of that item;

(c) the matters stated in Article 107, paragraph (2), item (iii), (c) (excluding those prescribed in accordance with the number of shares of the relevant class held by the shareholders);

(d) the kind of property to be delivered to the shareholder of the relevant class in exchange for acquisition of one share of the relevant class;

(vii) that the stock company will acquire all of the shares of the relevant class by making a resolution at a shareholders meeting: the matters stated in Article 108, paragraph (2), item (vii), (a) of the Act;

(viii) regarding matters to be resolved at a shareholders meeting (or at a shareholders meeting or board of directors meeting for a company with board of directors, or at a shareholders meeting or board of liquidators meeting for a company with a board of liquidators) that require, in addition to the resolution at that meeting, a resolution at a general meeting of class shareholders made up of the class shareholders that hold shares of the relevant class: the matters stated in Article 108, paragraph (2), item (viii), (a) of the Act;

(ix) that a director (in the case of a company with audit and supervisory committee, a director who is an audit and supervisory committee member or any other director) or company auditor is to be elected at a general meeting of class shareholders made up of the class shareholders that hold shares of the relevant class: the matters stated in Article 108, paragraph (2), item (ix), (a) and (b) of the Act.

(2) The following matters are not to be construed as including the features of the shares in the preceding paragraph:

(i) provisions of the articles of incorporation as provided in Article 164, paragraph (1) of the Act;

(ii) provisions of the articles of incorporation as provided in Article 167, paragraph (3) of the Act;

(iii) provisions of the articles of incorporation as provided in Article 168, paragraph (1) and Article 169, paragraph (2) of the Act;

(iv) provisions of the articles of incorporation as provided in Article 174 of the Act;

(v) provisions of the articles of incorporation as provided in Article 189, paragraph (2) and Article 194, paragraph (1) of the Act;

(vi) provisions of the articles of incorporation as provided in Article 199, paragraph (4) and Article 238, paragraph (4) of the Act.

(Directors to Be Held Liable for the Provision of Economic Benefits)

Article 21 The persons prescribed by Ministry of Justice Order as provided in Article 120, paragraph (4) of the Act are as follows:

(i) a director and executive officer performing duties related to providing economic benefits (meaning the provision of benefits as provided in Article 120, paragraph (1) of the Act; the same applies below in this Article);

(ii) if economic benefits are provided based on a resolution made by the board of directors, the persons stated below:

(a) a director who approves the resolution of the board of directors;

(b) a director and executive officer who submit a proposal related to the provision of economic benefits at a board of directors meeting;

(iii) if the economic benefits are provided based on a resolution at a shareholders meeting, the persons stated below:

(a) a director who submits a proposal at the shareholders meeting related to the economic benefits being provided;

(b) a director who consents to the decision to submit the proposals in (a) (excluding a director of a company with board of directors);

(c) if the proposals in (a) are submitted based on a resolution of the board of directors, the director who approves the resolution at the board of directors meeting;

(d) a director and executive officer who provide an explanation at the shareholders meeting regarding matters related to the provision of economic benefits.

## **Section 2 Transfer of Shares**

(Demand for Entry of Information in a Shareholder Register)

Article 22 (1) The cases prescribed by Ministry of Justice Order as provided in Article 133, paragraph (2) of the Act are as follows:

(i) if an acquirer of shares has obtained a final and binding judgment against a person who is stated or recorded in the shareholder register as a shareholder or a general successor of that person, ordering that a demand be made under Article 133, paragraph (1) of the Act in relation to the shares acquired by the acquirer of shares, when a demand is made by providing documents or other materials verifying the content of the final and binding judgment;

(ii) if an acquirer of shares makes a demand by providing documents or other materials verifying the content that has the same effect as the final and binding judgment of the preceding item;

(iii) if an acquirer of shares is a designated purchaser, when a demand is made by providing documents or other materials verifying that the sale price has been paid in full to the requester for approval of transfer;

(iv) if an acquirer of shares is a person who has acquired shares of the stock company by general succession, when a demand is made by providing documents or other materials verifying the general succession;

(v) if an acquirer of shares is a person who has acquired shares of the stock company by auction, when a demand is made by providing documents or other materials verifying that the acquisition was done by auction;

(vi) if an acquirer of shares is a person who has acquired all of the shares subject to a cash-out issued by the stock company based on a demand for a share cash-out, and if the acquirer of shares makes a demand;

(vii) if an acquirer of shares is a company that has acquired all of the issued shares of the stock company by share exchange (including share exchange on entity conversion), and if the acquirer of shares makes a demand;

(viii) if an acquirer of shares is a stock company that has acquired all of the issued shares of the stock company by share transfer (including share transfer on entity conversion), and if the acquirer of shares makes a demand;

(ix) if an acquirer of shares is a person who has acquired shares referred to in Article 197, paragraph (1) of the Act, when a demand is made by providing documents or other materials verifying that the price related to the sale has been paid in full under paragraph (2) of that Article;

(x) if an acquirer of shares is a registrant of a lost share certificate, when a demand is made on or after the date on which one year has elapsed from the date following the date of registration of the lost share certificate by the acquirer of shares (excluding cases where the registration of the lost share certificate has been canceled before the relevant date);

(xi) if an acquirer of shares is a person who has acquired shares related to a sale under Article 234, paragraph (2) of the Act (including as applied mutatis mutandis pursuant to Article 235, paragraph (2) of the Act), when a demand is made by providing documents or other materials verifying that the price related to the sale has been paid in full.

(2) Notwithstanding the provisions of the preceding paragraph, if a stock company is a share certificate-issuing company, the cases prescribed by Ministry of Justice Order as provided in Article 133, paragraph (2) of the Act are as follows:

(i) if an acquirer of shares presents the share certificates when making a demand;

(ii) if an acquirer of shares is a person who has acquired all of the shares subject to a cash-out issued by the stock company based on a demand for a share cash-out, and the acquirer of shares makes a demand;

(iii) if an acquirer of shares is a company that has acquired all of the issued shares of the stock company by share exchange (including share exchange on entity conversion), and the acquirer of shares makes a demand;

(iv) if an acquirer of shares is a stock company that has acquired all of the issued shares of the stock company by share transfer (including share transfer on entity conversion), and the acquirer of shares makes a demand;

(v) if an acquirer of shares is a person who has acquired shares referred to in Article 197, paragraph (1) of the Act, when a demand is made by providing documents or other materials verifying that the price related to the auction under that paragraph or the sale related to the provisions of paragraph (2) of that Article has been paid in full;

(vi) if an acquirer of shares is a person who has acquired shares related to an auction under Article 234, paragraph (1) or Article 235, paragraph (1) of the Act, or a sale under Article 234, paragraph (2) of the Act (including as applied mutatis mutandis pursuant to Article 235, paragraph (2) of the Act), when a demand is made by providing documents or other materials verifying that the price related to the auction or the sale has been paid in full.

(Acquisition of the Parent Company's Shares by a Subsidiary Company)

Article 23 The cases prescribed by Ministry of Justice Order as provided in Article 135, paragraph (2), item (v) of the Act are as follows:

(i) if a subsidiary company is allotted the parent company's shares at the time of an absorption-type company split (including acts equivalent to absorption-type company splits pursuant to applicable laws and regulations other than the Act (including laws and regulations of a foreign country; the same applies below in this Article));

(ii) if a subsidiary company is allotted the parent company's shares in exchange for any treasury shares it holds (including equity interest and other equivalent interests; the same applies below in this Article), at the time of a share exchange (including acts equivalent to share exchanges pursuant to laws and regulations other than the Act);

(iii) if a subsidiary company is allotted the parent company's shares in exchange for any treasury shares it holds at the time of a share transfer (including acts equivalent to share transfers pursuant to laws and regulations other than the Act);

(iv) if a subsidiary company is allotted the parent company's shares at the time of a partial share exchange (including acts equivalent to partial share exchanges pursuant to laws and regulations other than the Act) by another corporation, etc.;

(v) if a subsidiary company acquires the parent company's shares without contribution;

(vi) if the parent company's shares are delivered to the subsidiary company through a distribution of dividends from surplus or residual assets (including equivalent acts) by another corporation, etc. related to the shares of that other corporation, etc. that the subsidiary company holds;

(vii) if the parent company's shares are delivered to the subsidiary company in exchange for the shares of another corporation, etc. that the subsidiary company holds at the time of any of the following acts by that other corporation, etc. related to the shares of that other corporation, etc.:

(a) entity conversion;

(b) merger;

(c) share exchange (including acts equivalent to share exchanges pursuant to laws and regulations other than the Act);

(d) share transfer (including acts equivalent to share transfers pursuant to laws and regulations other than the Act);

(e) acquisition of shares subject to call (including equivalent shares);

(f) acquisition of shares subject to class-wide call (including equivalent shares);

(viii) if the parent company's shares are delivered in exchange for the acquisition of share options, etc. in another corporation, etc. that the subsidiary company holds in accordance with the provisions of those share options, etc., and the parent company's shares are delivered to the subsidiary company;

(ix) if, in order for a person who is a subsidiary company under Article 135, paragraph (1) of the Act (excluding a company) to deliver its parent company's shares as consideration for any of the following acts when those acts take place, the parent company's shares are acquired without exceeding the total number of the parent company's shares that are to be delivered as consideration:

(a) entity conversion;

(b) merger;

(c) succession to all or part of the rights and obligations held by any other corporation, etc. holds in relation to the business due to acts equivalent to an absorption-type company split pursuant to laws and regulations other than the Act;

(d) acquisition of all of the shares issued by any other corporation, etc. due to acts equivalent to share exchange pursuant to laws and regulations other than the Act;

(x) if all of the business of any other corporation, etc. (excluding companies and foreign companies) is transferred, and the parent company's shares held by the relevant other corporation, etc. are transferred;

(xi) if the parent company's shares from a corporation, etc. that disappears after a merger (excluding a company) are succeeded to;

(xii) if the parent company's shares from any other corporation, etc. (excluding a company) due to acts equivalent to an absorption-type company split or an incorporation-type company split are succeeded to;

(xiii) if the parent company's shares are transferred from another subsidiary company of a stock company that issued the parent company's shares (limited to a company to which consolidated dividend regulations apply);

(xiv) if it is necessary and indispensable for a subsidiary company to acquire the parent company's shares in order to achieve its purpose through the exercise of its rights (excluding the cases stated in the preceding items).

(Demand for Approval by Acquirers of Shares)

Article 24 (1) The cases prescribed by Ministry of Justice Order as provided in Article 137, paragraph (2) of the Act are as follows:

(i) if an acquirer of shares has obtained a final and binding judgment against a person who is stated or recorded in the shareholder register as a shareholder or a general successor of that person, ordering that a demand be made under Article 137, paragraph (1) of the Act in relation to the shares acquired by the acquirer of shares, when a demand is made by providing documents or other materials verifying the content of the final and binding judgment;

(ii) if an acquirer of shares makes a demand by providing documents or other materials verifying the content that has the same effect as the final and binding judgment of the preceding item;

(iii) if an acquirer of shares is a person who has acquired shares of the stock company by auction, when a demand is made by providing documents or other materials verifying that the acquisition was done by that auction;

(iv) if an acquirer of shares is a company that has acquired all of the shares of the stock company by share exchange on entity conversion, and the acquirer of shares makes a demand;

(v) if an acquirer of shares is a stock company that has acquired all of the issued shares of the stock company by share transfer (including share transfer on entity conversion), and if the acquirer of shares makes a demand;

(vi) if an acquirer of shares is a person who has acquired shares referred to in Article 197, paragraph (1) of the Act, when a demand is made by providing documents or other materials verifying that the price related to the sale has been paid in full under paragraph (2) of that Article;

(vii) if an acquirer of shares is a registrant of a lost share certificate, when a demand is made on or after the date on which one year has elapsed from the date following the date of registration of the lost share certificate by the acquirer of shares (excluding cases where the registration of the lost share certificate has been canceled before the date);

(viii) if an acquirer of shares is a person who has acquired shares related to a sale under Article 234, paragraph (2) of the Act (including as applied mutatis mutandis pursuant to Article 235, paragraph (2) of the Act), when a demand is made by providing documents or other materials verifying that the price related to the sale has been paid in full.

(2) Notwithstanding the provisions of the preceding paragraph, if a stock company is a share certificate-issuing company, the cases prescribed by Ministry of Justice Order as provided in Article 137, paragraph (2) of the Act are as follows:

(i) if the acquirer of shares presents the share certificates when making a demand;

(ii) if an acquirer of shares is a company that has acquired all of the shares of the stock company by share exchange on entity conversion, and the acquirer of shares makes a demand;

(iii) if an acquirer of shares is a stock company that has acquired all of the issued shares of the stock company by share transfer (including share transfer on entity conversion), and the acquirer of shares makes a demand;

(iv) if an acquirer of shares is a person who has acquired the shares referred to in Article 197, paragraph (1) of the Act, when a demand is made by providing documents or other materials verifying that the price related to the auction under that paragraph or the sale related to the provisions of paragraph (2) of that Article has been paid in full;

(v) if an acquirer of shares is a person who has acquired shares related to an auction under Article 234, paragraph (1) or Article 235, paragraph (1) of the Act, or a sale under Article 234, paragraph (2) of the Act (including as applied mutatis mutandis pursuant to Article 235, paragraph (2) of the Act), when a demand is made by providing documents or other materials verifying that the price related to the auction or the sale has been paid in full.

(The Amount of Net Assets Per Share)

Article 25 (1) The method prescribed by Ministry of Justice Order as provided in Article 141, paragraph (2) of the Act consists of determining the value of net assets per share of the shares, using the amount obtained by first dividing the reference net assets amount by the minimum number of shares and then multiplying that amount by the share coefficient for the shares for which the amount of net assets per share is to be calculated.

(2) Regarding the application of the provisions of the preceding paragraph if the stock company is a liquidating stock company on the calculation reference date, the phrase "reference net assets amount" in that paragraph is to be replaced with "the amount obtained by subtracting the amount recorded in the section on liabilities from the amount recorded in the section on assets on a balance sheet prepared pursuant to the provisions of Article 492, paragraph (1) of the Act (if the amount obtained is less than zero, then zero)".

(3) The phrase "reference net assets amount" as provided in paragraph (1) means the amount obtained by subtracting the amount stated in item (viii) from the total of the amounts stated in item (i) through item (vii) (if the amount obtained is less than zero, then zero) on the calculation reference date:

(i) amount of stated capital;

- (ii) amount of capital reserves;
- (iii) amount of retained earnings reserves;
- (iv) amount of surplus as provided in Article 446 of the Act;
- (v) the amount of valuation and translation adjustments on the last day of the most recent business year (in the case as provided in Article 461, paragraph (2), item (ii) of the Act, the period under Article 441, paragraph (1), item (ii) of the Act (if there are two or more of those periods, the period the last day of which comes the latest)) (if the most recent business year is not available, the date of formation of the stock company);
- (vi) book value of share award rights;
- (vii) book value of share options;
- (viii) total book value of treasury shares and the stock company's own share options.

(4) The phrase "the minimum number of shares" provided in paragraph (1) means the number prescribed in each of the following items, in accordance with the categories of cases stated in each of the items:

- (i) if a company is not a company with class shares: the total number of issued shares (excluding treasury shares);
- (ii) if a company is a company with class shares: the total number obtained by multiplying the number in each class of shares (excluding treasury shares) issued by the stock company by the share coefficient corresponding to the class of shares.

(5) The phrase "share coefficient" provided in paragraph (1) and item (ii) of the preceding paragraph means 1 (for a company with class shares, if a number other than 1 is prescribed in order for one share of a certain class to be treated as a number of shares that is not 1 in relation to the application of paragraph (1) and the preceding paragraph with regard to the class of shares in the articles of incorporation, that number).

(6) The phrase "calculation reference date" as provided in paragraph (2) and paragraph (3) means the date prescribed in each of the following items if the amount of net assets per share as provided in the provisions stated in each of those items is calculated:

- (i) Article 141, paragraph (2): the date of notice under paragraph (1) of that Article;
- (ii) Article 142, paragraph (2): the date of notice under paragraph (1) of that Article;
- (iii) Article 144, paragraph (5): the date of notice under Article 141, paragraph (1) of the Act;
- (iv) Article 144, paragraph (5) of the Act, as applied mutatis mutandis pursuant to paragraph (7) of that Article: the date of notice under Article 142, paragraph (1) of the Act;

(v) Article 167, paragraph (3), item (ii): the date of demand under the main clause of Article 166, paragraph (1) of the Act;

(vi) Article 193, paragraph (5): the date of demand under Article 192, paragraph (1) of the Act;

(vii) Article 193, paragraph (5) of the Act, as applied mutatis mutandis pursuant to Article 194, paragraph (4) of the Act: the date of demand for the sale of shares less than one unit;

(viii) Article 283, item (ii): the date of exercising the share option;

(ix) Article 796, paragraph (2), item (i), (a): the date on which the absorption-type merger agreement, the absorption-type company split agreement, or the share exchange agreement was concluded (if a time other than the date of conclusion of the agreement is specified in the agreement (limited to the period from the date on which the agreement is concluded until immediately before the time when the absorption-type merger, absorption-type company split, or share exchange takes effect), that time);

(x) Article 816-4, paragraph (1), item (i), (a) of the Act: the date on which the partial share exchange plan was prepared (if a time other than the date on which the partial share exchange plan was prepared is specified in the partial share exchange plan (limited to the period from the date the partial share exchange plan is prepared until immediately before the time when the partial share exchange takes effect), that time);

(xi) Article 33, item (ii): the date of demand under the main clause of Article 166, paragraph (1) of the Act.

(Cases Where Approval Is Imputed)

Article 26 The cases prescribed by Ministry of Justice Order as provided in Article 145, item (iii) of the Act are as follows:

(i) if a stock company gives notice under Article 141, paragraph (1) of the Act within 40 days from the date of notice under Article 139, paragraph (2) of the Act (if a period shorter than this is prescribed in the articles of incorporation, that period of time), if the document referred to in paragraph (2) of that Article is not delivered to the requester for approval of transfer within the specified period of time (excluding cases where a designated purchaser gives notice under Article 142, paragraph (1) of the Act within ten days from the date of notice under Article 139, paragraph (2) of the Act (if a period shorter than that is prescribed by the articles of incorporation, that period of time));

(ii) if a designated purchaser gives notice under Article 142, paragraph (1) of the Act within ten days from the date of notice under Article 139, paragraph (2) of the Act (if a period shorter than that is prescribed in the articles of incorporation, that period of time), if the document referred to in paragraph (2) of that Article is not delivered to the requester for approval of transfer within the specified period of time;

(iii) if a requester for approval of transfer cancels the contract for the sale and purchase of subject shares between the requester and the stock company or the designated purchaser.

### **Section 3 Acquisition of Treasury Shares by a Stock Company**

(Cases Where Treasury Shares Can Be Acquired)

Article 27 The cases prescribed by Ministry of Justice Order as provided in Article 155, item (xiii) of the Act are as follows:

(i) if shares of the relevant stock company are obtained without contribution;

(ii) if a stock company's shares are delivered to it by another corporation, etc. in which the stock company holds shares (including equity interest and other equivalent interests; the same applies below in this Article), through a distribution of dividends from surplus or residual assets (including equivalent acts) related to the shares of that other corporation, etc.;

(iii) if a stock company's shares are delivered to it by another corporation, etc. in which the stock company holds shares, in exchange for the shares of the relevant other corporation, etc. at the time of any of the following acts conducted by that other corporation, etc. in relation to the shares of them:

(a) entity conversion;

(b) merger;

(c) share exchange (including acts equivalent to share exchange based on laws and regulations other than the Act (including laws and regulations of a foreign country));

(d) acquisition of shares subject to call (including equivalent shares);

(e) acquisition of shares subject to class-wide call (including equivalent shares);

(iv) if based on the provisions of the share options, etc. of another corporation, etc. in which the stock company holds share options, etc., the stock company's shares are to be delivered by the relevant other corporation, etc., in exchange for that other corporation, etc. acquiring share options, etc. in that other corporation, etc., and the stock company has received the shares;

(v) if the stock company acquires its own shares in response to a share purchase demand as provided in the provisions of Article 116, paragraph (5), Article 182-4, paragraph (4), Article 469, paragraph (5), Article 785, paragraph (5), Article 797, paragraph (5), Article 806, paragraph (5), or Article 816-6, paragraph (5) of the Act (including cases where these provisions are applied mutatis mutandis pursuant to other laws and regulations with regard to stock companies);

(vi) if a stock company succeeds to its own shares from a corporation, etc. that disappears after a merger (excluding a company);

(vii) if a stock company accepts the transfer of the entire business of another corporation, etc. (excluding companies and foreign companies) and any shares of the stock company that were held by that other corporation, etc.;

(viii) if it is necessary and indispensable for the stock company to acquire its own shares in order to achieve its purpose through the exercise of its rights (excluding the cases stated in the preceding items).

(Period of Notice When Acquiring Treasury Shares from Specific Shareholders)

Article 28 The time prescribed by Ministry of Justice Order as provided in Article 160, paragraph (2) in the Act is two weeks before the date of the shareholders meeting as provided in Article 156, paragraph (1) of the Act; provided, however, that for the cases stated in the following items, that time is prescribed in each of the following items:

(i) when the time to dispatch notice under Article 299, paragraph (1) of the Act is a period of time shorter than two weeks from the date of the shareholders meeting (limited to periods of time of at least one week): the time to dispatch the notice;

(ii) when the time to dispatch notice under Article 299, paragraph (1) of the Act is a period of time shorter than one week from the date of the shareholders meeting: one week before the date of the shareholders meeting;

(iii) when the shareholders meeting is held without the procedures for calling a meeting pursuant to the provisions of Article 300 of the Act: one week before the date of the shareholders meeting.

(Period for Requesting Addition of Proposals)

Article 29 The time prescribed by Ministry of Justice Order as provided in Article 160, paragraph (3) of the Act is five days before the date of the shareholders meeting under Article 156, paragraph (1) of the Act (if the articles of incorporation prescribe a shorter period of time, that period of time); provided, however, that in the cases stated in the items of the preceding Article, the time is three days before that date (if the articles of incorporation prescribe a shorter period of time, that period of time).

(Acquisition of Treasury Shares for Consideration of a Value Not Exceeding Market Price)

Article 30 The method prescribed by Ministry of Justice Order as provided in Article 161 of the Act is to consider the higher of the following amounts as the price of the shares prescribed in that Article:

(i) the closing price in the market on which the shares are traded on the day before the date of resolution under Article 156, paragraph (1) of the Act (if there are no purchase and sale transactions on that date, or if that date falls on a holiday for the relevant market, the price at which the first purchase and sale transaction was carried out after that point);

(ii) if the shares are subject to a tender offer, etc. on the day before the date of resolution under Article 156, paragraph (1) of the Act, the price of the shares in the contract related to the tender offer, etc. on that date.

(Cases Where Fractions Occur in Share Numbers as a Result of Exercise of Shares with Put Options)

Article 31 The method prescribed by Ministry of Justice Order as provided in Article 167, paragraph (3), item (i) of the Act is to consider the higher of the following amounts as the price of the shares prescribed in that item:

(i) the closing price in the market on which the shares are traded on the date of the demand under Article 166, paragraph (1) of the Act (referred to below as "date of the demand" in this Article) (if there are no purchase and sale transactions on the date of the demand, or if the date of the demand falls on a holiday for the relevant market, the price at which the first purchase and sale transaction was carried out after that point);

(ii) if the shares are subject to a tender offer, etc. on the date of the demand, the price of the shares in the contract related to the tender offer, etc. on the date of the demand.

(Cases Where Fractions Occur in Bonds with a Market Price Due to Exercise of Shares with Put Options)

Article 32 The method prescribed by Ministry of Justice Order as provided in Article 167, paragraph (3), item (i) of the Act, as applied mutatis mutandis pursuant to paragraph (4) of that Article is to consider the price prescribed in each of the following items the price of the assets, in accordance with the categories of assets stated in each of the items:

(i) bonds (excluding bonds with share options; the same applies below in this item): the closing price in the market on which the bonds are traded on the date of the demand under Article 166, paragraph (1) of the Act (referred to below as "date of the demand" in this Article) (if there are no purchase and sale transactions on the date of the demand, or if the date of the demand falls on a holiday for the relevant market, the price at which the first purchase and sale transaction was carried out after that point);

(ii) share options (if the share options are attached to bonds with share options, the bonds with share options; the same applies below in this item): the larger of the following amounts:

(a) the closing price in the market on which the share options are traded on the date of the demand (if there are no purchase and sale transactions on the date of the demand, or if the date of the demand falls on a holiday for the relevant market, the price at which the first purchase and sale transaction was carried out after that point);

(b) if the share options are subject to a tender offer, etc. on the date of the demand, the price of the share options in the contract related to the tender offer, etc. on the date of the demand.

(Cases Where Fractions Occur in Bonds with No Market Price Due to Exercise of Shares with Put Options)

Article 33 The amounts prescribed by Ministry of Justice Order as provided in Article 167, paragraph (3), item (ii) of the Act, as applied mutatis mutandis

pursuant to paragraph (4) of that Article are the amounts prescribed in each of the following items, in accordance with the categories of cases stated below:

(i) if a bond has a fraction: the amount of the bond;

(ii) if a share option has a fraction: the value to be indicated in the accounting books regarding the share option (if the value cannot be calculated, the amount obtained by subtracting the value of property contributed at the time of the exercise of the share option from the total amount of net assets per share for each share which is an objective of the share option (if the amount obtained is less than zero, then zero)).

(Matters to Be Disclosed in Advance Regarding Acquisition of Shares Subject to Class-Wide Call)

Article 33-2 (1) The matters prescribed by Ministry of Justice Order as provided in Article 171-2, paragraph (1) of the Act are as follows:

(i) matters related to adequacy of the consideration for acquisition (meaning the consideration for acquisition as provided in Article 171, paragraph (1), item (i) of the Act; the same applies below in this Article);

(ii) matters to be referenced regarding the consideration for acquisition;

(iii) matters related to financial statements, etc.;

(iv) if a change occurs in the matters stated in the preceding three items during the interval from after the date on which the documents began to be kept (meaning the earlier of the dates stated in the items of Article 171-2, paragraph (1) of the Act; the same applies in paragraph (4), item (i)) until the date on which the stock company acquires all of the shares subject to class-wide call, the matters after the change.

(2) The "matters related to adequacy of the consideration for acquisition" as provided in item (i) of the preceding paragraph are matters regarding adequacy of the provisions concerning the following matters and other matters stated in Article 171, paragraph (1), item (i) and item (ii) of the Act (if those provisions do not exist, the fact that those provisions do not exist):

(i) matters regarding adequacy of the total number or total amount of the consideration for acquisition;

(ii) the reason why a particular kind of property was selected as the consideration for acquisition;

(iii) if a stock company acquiring the shares subject to class-wide call has a parent company, etc., matters to be given due consideration so as not to harm the interests of the shareholders (excluding the parent company, etc.) of the stock company (if those matters do not exist, that fact);

(iv) if a fraction is expected to be processed pursuant to the provisions of Article 234 of the Act, the following matters:

(a) the following matters and other matters regarding the processing methods:

1. whether the planned processing is that under Article 234, paragraph (1) of the Act or that under paragraph (2) of that Article, and the reasons for that;

2. if the planned processing is that under Article 234, paragraph (1) of the Act, an estimated time for filing a petition for auction (including the judgment of the director (for a company with a board of directors, the board of directors; the same applies in 3. and 4.) related to the estimate, and the reasons for that judgment);

3. if the planned processing is that under Article 234, paragraph (2) of the Act (limited to sale through transactions in a market), an estimated time of the sale and time for delivering the proceeds of the sale to the shareholders (including the judgment of the director related to the estimate, and the reasons for that judgment);

4. if the planned processing is that under Article 234, paragraph (2) of the Act (excluding sale through transactions in a market), the name of the person that is expected to become the purchaser of the shares relating to the sale, the means by which that person secures the funds for the payment of the price relating to the sale, adequacy of that means, and an estimated time of the sale and time for delivering the proceeds of the sale to the shareholders (including the judgment of the director related to the estimate, and the reasons for that judgment);

(b) the amount of money that is expected to be delivered to the shareholders through that processing, and matters regarding adequacy of that amount.

(3) The "matters to be referenced regarding the consideration for acquisition" in paragraph (1), item (ii) are the matters prescribed in each of the following items and other matters equivalent to those, in accordance with the categories of cases stated below (if all the shareholders of the stock company acquiring the shares subject to class-wide call consent to not stating or recording all or a part of the matters in the document, or electronic or magnetic records as provided in Article 171-2, paragraph (1) of the Act, excluding any matters for which consent has been given):

(i) if all or a part of the consideration for acquisition is shares of the stock company: the following matters:

(a) features of the shares;

(b) the following matters and other matters regarding the method of conversion of the consideration for acquisition into cash:

1. the market on which the consideration for acquisition is traded;

2. the person acting as an intermediary, broker, or agency for trading in the consideration for acquisition;

3. if there is a restriction on the transfer or other disposition of the consideration for acquisition, the content of that restriction;

(c) if there is a market price for the consideration for acquisition, matters regarding that market price;

(ii) if all or a part of the consideration for acquisition is shares, equity interest, or their equivalents of a corporation, etc. (excluding shares of the stock company): the following matters (if the matters have been indicated in a language other than Japanese, the matters (excluding names) indicated in Japanese):

(a) the provisions of the articles of incorporation or their equivalents of the corporation, etc.;

(b) if the corporation, etc. is not a company, the content of rights equivalent to the following rights and other rights (excluding those that are not material) related to the consideration for acquisition:

1. the right to receive dividends from surplus;

2. the right to receive distributions of residual assets;

3. voting rights at shareholders meetings;

4. if a merger or other acts are carried out, the right to demand the purchase at a fair price of shares held by the holder of the right;

5. the right to demand to inspect or copy the articles of incorporation or other materials (if the materials have been prepared as electronic or magnetic records, materials that indicate the matters recorded in the electronic or magnetic records);

(c) if the corporation, etc. is deemed to have provided with information using a language other than Japanese to the shareholders, members, or other equivalent persons (referred to below as "shareholder, etc." in this item), that language;

(d) the total number of voting rights or other equivalent rights projected to be held by the shareholders, etc. of the corporation, etc. if a shareholders meeting of the corporation, etc. or an equivalent meeting is expected to be held on the date on which the stock company acquires all of the shares subject to class-wide call;

(e) if the corporation, etc. has not been registered (if the corporation, etc. is established under the laws and regulations of a foreign country, limited to registration of a foreign company under Article 933, paragraph (1) of the Act or registration of a foreign corporation under Article 2 of the Act on Registration of Foreign Corporations and Registration of Matrimonial Property Contracts (Act No. 14 of 1898)), the following matters:

1. the name and address of the person representing the corporation, etc.;

2. the names of the officers of the corporation, etc. (excluding the person referred to in 1. above);

(f) the content of financial statements (if the most recent business year is not available, the balance sheet on the date of formation of the corporation etc.) or matters equivalent to them for the most recent business year of the corporation, etc. (if the corporation, etc. is not a company, the equivalent of the most recent business year; the same applies below in this item) (including the content of a summary of any audit report or any other report equivalent to it if the financial statements or any equivalent documents have been audited by a company auditor, audit and

supervisory committee, audit committee, financial auditor, or an equivalent authority);

(g) the matters prescribed below in accordance with the categories of the cases stated below:

1. if the corporation, etc. is a stock company: the content of the business report for the most recent business year of the corporation, etc. (including the content of any audit report if the business report has been audited by a company auditor, audit and supervisory committee, or audit committee);

2. if the corporation, etc. is not a stock company: a summary of the content of matters equivalent to the matters stated in the items of Article 118 and the items of Article 119 for the most recent business year of the corporation, etc. (including a summary of the content of any audit report or an equivalent report, if the matters have been audited by a company auditor, audit and supervisory committee, audit committee, or an equivalent authority);

(h) the content of the balance sheets or equivalent documents of the corporation, etc. for each business year the last day of which was in the past five years (excluding the following business years):

1. the most recent business year;

2. if public notice is given of the content of the balance sheet or matters equivalent to that for a certain business year pursuant to the provisions of laws and regulations (including notices equivalent to the measures of Article 440, paragraph (3) of the Act), that business year;

3. if an annual securities report is submitted to the Prime Minister regarding the content of the balance sheet or matters equivalent to that for a certain business year pursuant to the provisions of Article 24, paragraph (1) of the Financial Instruments and Exchange Act, the business year;

(i) the matters stated in (b) and (c) of the preceding item;

(j) if a refund can be received for the consideration for acquisition by acquisition of treasury shares, refund of equity interest, or another equivalent method, the matters on the related procedures;

(iii) if all or a part of the consideration for acquisition is a bond, share option, or bond with share options of the stock company: the matters stated in (b) and (c) of item (i);

(iv) if all or a part of the consideration for acquisition is a bond, share option, bond with share options, or their equivalents of a corporation, etc. (excluding a bond, share option, or bond with share options of that stock company): the following matters (if the matters have been indicated in a language other than Japanese, the matters (excluding names) indicated in Japanese):

(a) the matters stated in (b) and (c) of item (i);

(b) the matters stated in (a) and (e) through (h) of item (ii);

(v) if all or a part of the consideration for acquisition is a share, equity interest, bond, share option, bond with share options, or their equivalents and property other than monies of the stock company or another corporation, etc.: the matters stated in (b) and (c) of item (i).

(4) The "matters related to financial statements, etc." as provided in paragraph (1), item (iii) refers to the following matters:

(i) if disposal of important property, incurrence of major obligations, or any other event that has a material impact on the status of company property occurs at a stock company acquiring shares subject to class-wide call (excluding a liquidating stock company; the same applies below in this paragraph) after the last day of the most recent business year (if the most recent business year is not available, the date of formation of the stock company), the content of that event (limited to the content of events occurring after the last day of any new most recent business year if the new most recent business year comes in the interval from after the date on which the documents began to be kept until the date on which the stock company acquires all of the shares subject to class-wide call);

(ii) if the most recent business year is not available for a stock company acquiring the shares subject to class-wide call, the balance sheet on the date of formation of the stock company.

(Matters to Be Disclosed Ex Post Facto Regarding Acquisition of Shares Subject to Class-Wide Call)

Article 33-3 The matters prescribed by Ministry of Justice Order as provided in Article 173-2, paragraph (1) of the Act are as follows:

(i) the date on which a stock company has acquired all of the shares subject to class-wide call;

(ii) the progress of procedures concerning the demand under Article 171-3 of the Act;

(iii) the progress of procedures under Article 172 of the Act;

(iv) the number of shares subject to class-wide call acquired by a stock company;

(v) in addition to what is stated in the preceding items, important matters regarding acquisition of shares subject to class-wide call.

### **Section 3-2 Demand for a Share Cash-Out of Special Controlling Shareholders**

(Wholly Owned Subsidiary of a Special Controlling Shareholder)

Article 33-4 (1) Corporations prescribed by the Ministry of Justice Order as provided in Article 179, paragraph (1) of the Act are as follows:

(i) a corporation in which a person as provided in Article 179, paragraph (1) of the Act holds all of the equity interests (excluding a stock company);

(ii) a corporation in which a person as provided in Article 179, paragraph (1) of the Act and a specified wholly owned subsidiary corporation (meaning a stock company in which the person holds all of the issued shares, and the corporation

stated in the preceding item; the same applies below in this paragraph) or a specified wholly owned subsidiary corporation holds all of the equity interests.

(2) With regard to the application of the provisions of item (ii) of the preceding paragraph, the corporation stated in that item is deemed to be a specified wholly owned subsidiary corporation as provided in that item.

(Matters Prescribed by Special Controlling Shareholders upon Demand for a Share Cash-Out)

Article 33-5 (1) The matters prescribed by Ministry of Justice Order as provided in Article 179-2, paragraph (1), item (vi) of the Act are as follows:

(i) the means of securing funds for the payment of consideration for a share cash-out (if a demand for a share option cash-out (including the demand under Article 179, paragraph (3) of the Act if the share option subject to a demand for a share option cash-out is attached to a bond with share options; the same applies below) along with a demand for a share cash-out is made, consideration for the share cash-out and consideration for the share option cash-out);

(ii) if trade terms related to a demand for a share, etc. cash-out other than the matters stated in Article 179-2, paragraph (1), items (i) through (v) of the Act are prescribed, those trade terms.

(2) The phrase "consideration for a share cash-out" as provided in item (i) of the preceding paragraph means the money specified in Article 179-2, paragraph (1), item (ii) of the Act (the same applies in Article 33-7, item (i), (a) and item (ii)).

(3) The phrase "consideration for a share option cash-out" as provided in paragraph (1), item (i) means the money specified in Article 179-2, paragraph (1), item (iv), (b) of the Act (the same applies in Article 33-7, item (i), (a) and item (ii)).

(Matters to Be Disclosed to Shareholders Subject to a Cash-Out)

Article 33-6 The matters prescribed by Ministry of Justice Order as provided in Article 179-4, paragraph (1), item (i) of the Act is the matters stated in paragraph (1), item (ii) of the preceding Article.

(Matters to Be Disclosed in Advance by the Subject Company)

Article 33-7 The matters prescribed by Ministry of Justice Order as provided in Article 179-5, paragraph (1), item (iv) of the Act are as follows:

(i) the following matters and other matters regarding adequacy of the provisions concerning the matters stated in Article 179-2, paragraph (1), items (ii) and (iii) of the Act (if a demand for a share option cash-out along with a demand for a share cash-out is made, concerning the matters stated in items (ii) and (iii) and item (iv), (b) and (c) of that paragraph) (including the judgment of the director (in the case of a company with board of directors, the board of directors; the same applies in the following item and item (iii)) of the subject company related to that adequacy, and the reasons for that judgment):

(a) matters regarding adequacy of the total amount of consideration for a share cash-out (if a demand for a share option cash-out along with a demand for a share

cash-out is made, the total amount of consideration for cash-out and the total amount of consideration for share option cash-out);

(b) matters to be given due consideration so as not to harm the interests of the shareholder, etc. subject to a cash-out upon the approval under Article 179-3, paragraph (1) of the Act (if the matters do not exist, that fact);

(ii) matters regarding adequacy of the provisions concerning the matters stated in Article 33-5, paragraph (1), item (i) and the prospects for delivery of consideration for a share cash-out (if a demand for a share option cash-out along with a demand for a share cash-out is made, consideration for the share cash-out and consideration for the share option cash-out) (including the judgment of the director of the subject company related to the prospects, and the reasons for that judgment);

(iii) if there are provisions with respect to the matters stated in Article 33-5, paragraph (1), item (ii), matters regarding adequacy of the provisions (including the judgment of the director of the subject company related to that adequacy, and the reasons for that judgment);

(iv) the following matters regarding the subject company:

(a) if disposition of important property, incurrence of major obligations, or any other event that has a material impact on the status of company property occurs at the subject company after the last day of the most recent business year (if the most recent business year is not available, the date of formation of the subject company), the content of that event (limited to the content of events occurring after the last day of any new most recent business year if the new most recent business year comes in the interval from after the date of notice under Article 179-4, paragraph (1), item (i) of the Act or the date of public notice under paragraph (2) of that Article (referred to as the "date on which documents began to be kept" in the following item), whichever comes earlier, until the date on which a special controlling shareholder acquires all of the shares, etc. subject to a cash-out);

(b) if the most recent business year is not available for the subject company, the balance sheet on the date of formation of the subject company;

(v) if a change occurs in the matters stated in the preceding items during the interval from after the date on which the documents began to be kept until the date on which a special controlling shareholder acquires all of the shares, etc. subject to a cash-out, the matters after the change.

(Matters to Be Disclosed Ex Post Facto by the Subject Company)

Article 33-8 The matters prescribed by Ministry of Justice Order as provided in Article 179-10, paragraph (1) of the Act are as follows:

(i) the date on which a special controlling shareholder has acquired all of the shares, etc. subject to a cash-out;

(ii) the progress of procedures concerning the demand under Article 179-7, paragraph (1) or (2) of the Act;

(iii) the progress of procedures under Article 179-8 of the Act;

(iv) the number of shares subject to a cash-out which the special controlling shareholder has acquired based on a demand for a share cash-out (if the subject company is a company with class shares, the classes of the shares subject to a cash-out and the number of shares for each class);

(v) the number of share options subject to a cash-out which the special controlling shareholder has acquired based on a demand for a share option cash-out;

(vi) if the share options subject to a cash-out as provided in the preceding item are attached to bonds with share option, the total of the amounts for each bond with respect to those bonds with share options (limited to those which the special controlling shareholder has acquired based on a demand for a share option cash-out);

(vii) in addition to what is stated in the preceding items, important matters regarding acquisition of shares, etc. subject to a cash-out relating to a demand for a share, etc. cash-out.

### **Section 3-3 Consolidation of Shares**

(Matters to Be Disclosed in Advance Regarding Consolidation of Shares)

Article 33-9 The matters prescribed by Ministry of Justice Order as provided in Article 182-2, paragraph (1) of the Act are as follows:

(i) the following matters and other matters regarding adequacy of the provisions concerning the matters stated in Article 180, paragraph (2), items (i) and (iii) of the Act:

(a) if a stock company consolidating shares has a parent company, etc., matters to be given due consideration so as not to harm the interests of the shareholders (excluding the parent company, etc.) of the stock company (if the matters do not exist, that fact);

(b) if the processing of fractions of less than one share pursuant to the provisions of Article 235 of the Act is expected, the following matters:

1. the following matters and other matters regarding the processing methods:

i. whether the planned processing is that under Article 235, paragraph (1) of the Act or that under Article 234, paragraph (2) as applied mutatis mutandis pursuant to paragraph (2) of Article 235, and the reasons for that;

ii. if the planned processing is that under Article 235, paragraph (1) of the Act, an estimated time for filing a petition for auction (including the judgment of the director (for a company with a board of directors, the board of directors; the same applies in iii. and iv.) related to that estimate, and the reasons for that judgment);

iii. if the planned processing is that under Article 234, paragraph (2) of the Act as applied mutatis mutandis pursuant to Article 235, paragraph (2) of the Act (limited to sale through transactions in a market), an estimated time of the sale and time for delivering the proceeds of the sale to the shareholders (including the judgment of the director related to the estimate, and the reasons for that judgment);

iv. if the planned processing is that under Article 234, paragraph (2) of the Act as applied mutatis mutandis pursuant to Article 235, paragraph (2) of the Act (excluding sale through transactions in a market), the name of the person that is expected to become the purchaser of the shares relating to the sale, the means by which that person secures the funds for the payment of the price relating to the sale, adequacy of that means, and an estimated time of the sale and time for delivering the proceeds of the sale to the shareholders (including the judgment of the director related to the estimate, and the reasons for that judgment);

2. the amount of money that is expected to be delivered to the shareholders through that processing, and matters regarding adequacy of that amount.

(ii) the following matters regarding a stock company consolidating shares (excluding a liquidating stock company; the same applies below in this item):

(a) if disposal of important property, burden of major obligations, or any other event that has a material impact on the status of company property occurs at the stock company after the last day of the most recent business year (if the most recent business year is not available, the date of formation of the stock company), the content of that event (limited to the content of events occurring after the last day of any new most recent business year if the new most recent business year comes in the interval from after the date on which the documents began to be kept (meaning the earlier of the dates stated in the items of Article 182-2, paragraph (1) of the Act; the same applies in the following item) until the date on which the consolidation of shares becomes effective);

(b) if the most recent business year for the stock company is not available, the balance sheet on the date of formation of the stock company;

(iii) if a change occurs in the matters stated in the preceding two items during the interval from after the date on which the documents began to be kept until the date on which the consolidation of shares becomes effective, the matters after the change.

(Matters to Be Disclosed Ex Post Facto Regarding Consolidation of Shares)

Article 33-10 The matters prescribed by Ministry of Justice Order as provided in Article 182-6, paragraph (1) of the Act are as follows:

(i) the date on which the consolidation of shares has become effective;

(ii) the progress of procedures concerning the demand under Article 182-3 of the Act;

(iii) the progress of procedures under Article 182-4 of the Act;

(iv) the total number of issued shares (for a company with class shares, issued shares of the classes stated in Article 180, paragraph (2), item (iii) of the Act) as of the time the consolidation of shares has become effective;

(v) in addition to what is stated in the preceding items, important matters regarding consolidation of shares.

#### **Section 4 Share Units**

(Share Units)

Article 34 The number prescribed by Ministry of Justice Order as provided in Article 188, paragraph (2) of the Act is a number corresponding to 1,000 and 0.5 percent of the total number of issued shares.

(Rights on Shares Less than One Unit)

Article 35 (1) The rights prescribed by Ministry of Justice Order as provided in Article 189, paragraph (2), item (vi) of the Act are as follows:

(i) the right to make the requests stated in the items of Article 31, paragraph (2) of the Act;

(ii) the right to demand the delivery of documents that contain the information required to be entered in the shareholder register under Article 122, paragraph (1) of the Act (in the case as provided in Article 154-2, paragraph (3) of the Act, including the fact that shares held by the shareholder are included in trust property) or the provision of electronic or magnetic records in which the information required to be entered in the shareholder register is recorded;

(iii) the right to make the requests stated in the items of Article 125, paragraph (2) of the Act;

(iv) the right to make a request under Article 133, paragraph (1) of the Act (limited to a request in the case of acquisition on the following grounds):

(a) inheritance or other general succession;

(b) acquisition of all of the shares subject to a cash-out based on a demand for a share cash-out;

(c) succession to the rights and obligations that another company holds in relation to the business undertakings, through an absorption-type company split or an incorporation-type company split;

(d) acquisition of all the issued shares of another stock company in a share exchange or share transfer;

(e) a sale under Article 197, paragraph (2) of the Act;

(f) a sale under Article 234, paragraph (2) of the Act (including as applied mutatis mutandis pursuant to Article 235, paragraph (2) of the Act);

(g) auction;

(v) the right to make a request under Article 137, paragraph (1) of the Act (limited to a request in the case of acquisition on the grounds stated in (a) through (f) in the preceding item);

(vi) the right to have money delivered by a special controlling shareholder as consideration for acquisition of shares subject to a cash-out based on a demand for a share cash-out;

(vii) the right to have monies, etc. delivered as a result of the following acts by a stock company:

(a) consolidation of shares;

(b) splitting of shares;

(c) allotment of share option without contribution;

(d) dividend from surplus;

(e) entity conversion;

(viii) the right to have monies, etc. delivered as a result of the following acts by a stock company from the persons prescribed in the relevant items:

(a) absorption-type merger (including merger with an entity other than a company, limited to cases where the stock company disappears as a result of the merger): the entity surviving after the absorption-type merger;

(b) consolidation-type merger (including merger with an entity other than a company): the entity incorporated in the consolidation-type merger;

(c) share exchange: the wholly owning parent company resulting from a share exchange;

(d) share transfer: the wholly owning parent company incorporated in the share transfer.

(2) Notwithstanding the provisions of the preceding paragraph, if a stock company is a share certificate-issuing company, the rights prescribed by Ministry of Justice Order as provided in Article 189, paragraph (2), item (vi) of the Act are as follows:

(i) the rights stated in item (i), item (iii), and items (vi) through (viii) of the preceding paragraph;

(ii) the right to make a request under Article 133, paragraph (1) of the Act;

(iii) the right to make a request under Article 137, paragraph (1) of the Act;

(iv) the right to demand issuance of share certificates under Article 215, paragraph (4) and Article 217, paragraph (6) of the Act in cases other than the cases prescribed in the articles of incorporation under Article 189, paragraph (3) of the Act;

(v) the right to make an offer not to possess share certificates under Article 217, paragraph (1) of the Act in cases other than the cases prescribed in the articles of incorporation under Article 189, paragraph (3) of the Act.

(Purchase Price of Shares Less than One Unit with a Market Price)

Article 36 The method prescribed by Ministry of Justice Order as provided in Article 193, paragraph (1), item (i) of the Act is to consider the higher of the following amounts as the price of the shares prescribed in that item:

(i) the closing price in the market on which the shares are traded on the date of the demand under Article 192, paragraph (1) of the Act (referred to below as "date of the demand" in this Article) (if there are no purchase and sale transactions on the date of the demand, or if the date of the demand falls on a holiday for the relevant market, the price at which the first purchase and sale transaction was carried out after that point);

(ii) if the shares are subject to a tender offer, etc. on the date of the demand, the price of the shares in the contract related to the tender offer, etc. on the date of the demand.

(Sale Price of Shares Less than One Unit with a Market Price)

Article 37 The method prescribed by Ministry of Justice Order as provided in Article 193, paragraph (1), item (i) of the Act, as applied mutatis mutandis pursuant to Article 194, paragraph (4) of the Act, is to consider the higher of the following amounts as the price of the shares related to the demand for the sale of shares less than one unit:

(i) the closing price in the market on which the shares are traded on the date of the demand for the sale of shares less than one unit (referred to below as "date of the demand" in this Article) (if there are no purchase and sale transactions on the date of the demand, or if the date of the demand falls on a holiday for the relevant market, the price at which the first purchase and sale transaction was carried out after that point);

(ii) if the shares are subject to a tender offer, etc. on the date of the demand, the price of the shares in the contract related to the tender offer, etc. on the date of the demand.

#### **Section 5 Omission of Notices to Shareholders**

(Sale Price of Shares with a Market Price)

Article 38 The method prescribed by Ministry of Justice Order as provided in Article 197, paragraph (2) of the Act is to consider the amount provided in each of the following items as the price of the shares prescribed in that paragraph, in accordance with the categories of cases stated below:

(i) if the shares are sold through transactions in a market: the price at sale by the transactions;

(ii) in cases other than the case stated in the preceding item: the higher of the following amounts:

(a) the closing price in the market on which the shares are traded on the date of the sale pursuant to the provisions of Article 197, paragraph (2) of the Act (referred to below as "date of the sale" in this Article) (if there are no purchase and sale transactions on the date of the sale, or if the date of the sale falls on a holiday for the relevant market, the price at which the first purchase and sale transaction was carried out after that point);

(b) if the shares are subject to a tender offer, etc. on the date of the sale, the price of the shares in the contract related to the tender offer, etc. on the date of the sale.

(Matters to Be Disclosed)

Article 39 The matters prescribed by Ministry of Justice Order as provided in Article 198, paragraph (1) of the Act are as follows:

(i) a statement indicating that shares under Article 197, paragraph (1) of the Act (referred to below as "shares subject to auction" in this Article) are being auctioned or sold;

(ii) the name and address of the person stated or recorded in the shareholder register as the holder of the shares subject to auction;

(iii) the number of shares subject to auction (for a company with class shares, the classes of shares subject to auction and the number of shares per class);

(iv) if share certificates are issued for shares subject to auction, the serial number of the share certificates.

### **Section 6 Issuance of Shares for Subscription**

(Cases Where Notice of Subscription Requirements Is Not Required)

Article 40 The cases prescribed by Ministry of Justice Order as provided in Article 201, paragraph (5) of the Act are where a stock company reports or submits the following documents (limited to documents that contain matters equivalent to the subscription requirements as provided in that paragraph) pursuant to the provisions of the Financial Instruments and Exchange Act (including cases where the matters to be stated in the documents are provided by electronic or magnetic means pursuant to the provisions of that Act) no later than two weeks before the date prescribed in paragraph (3) of that Article of the Act, and the Prime Minister provides the documents for public inspection continuously from the date two weeks before that date to that date pursuant to the provisions of that Act:

(i) the registration statement under Article 5, paragraph (1) of the Financial Instruments and Exchange Act in cases from Article 4, paragraph (1) through paragraph (3) of that Act in which reports are to be filed (including amendment statements);

(ii) the shelf registration statement as provided in Article 23-3, paragraph (1) of the Financial Instruments and Exchange Act and the shelf registration supplements as provided in Article 23-8, paragraph (1) of that Act (including amendment shelf registration statements);

(iii) annual securities reports as provided in Article 24, paragraph (1) of the Financial Instruments and Exchange Act (including amendment reports);

(iv) quarterly securities reports as provided in Article 24-4-7, paragraph (1) of the Financial Instruments and Exchange Act (including amendment reports);

(v) semiannual securities reports as provided in Article 24-5, paragraph (1) of the Financial Instruments and Exchange Act (including amendment reports);

(vi) extraordinary reports as provided in Article 24-5, paragraph (4) of the Financial Instruments and Exchange Act (including amendment reports).

(Matters to Be Disclosed to Persons Who Wish to Make an Offer)

Article 41 The matters prescribed by Ministry of Justice Order as provided in Article 203, paragraph (1), item (iv) of the Act are as follows:

(i) the total number of authorized shares (for a company with class shares, including the total number of authorized shares in a class for each class of shares);

(ii) if the matters stated in the items under Article 107, paragraph (1) are prescribed as the features of shares issued by a stock company (excluding a company with class shares), the features of those shares;

(iii) if a stock company (limited to a company with class shares) is required to issue shares with different features for the matters stated in the items of Article 108, paragraph (1) of the Act, the features of each class of shares (if the articles of incorporation contain provisions regarding a class of shares under paragraph (3) of that Article, if the stock company does not prescribe the features of the class of shares based on the provisions of the articles of incorporation, an outline of the features of the class of shares);

(iv) if the articles of incorporation contain provisions regarding share units, those share units (for a company with class shares, the share units for each class of shares);

(v) if the following provisions are present in the articles of incorporation, those provisions:

(a) provisions of the articles of incorporation as provided in Article 139, paragraph (1), Article 140, paragraph (5), or Article 145, item (i) or item (ii) of the Act;

(b) provisions of the articles of incorporation as provided in Article 164, paragraph (1) of the Act;

(c) provisions of the articles of incorporation as provided in Article 167, paragraph (3) of the Act;

(d) provisions of the articles of incorporation as provided in Article 168, paragraph (1) or Article 169, paragraph (2) of the Act;

(e) provisions of the articles of incorporation as provided in Article 174 of the Act;

(f) provisions of the articles of incorporation as provided in Article 347 of the Act;

(g) provisions of the articles of incorporation as provided in Article 26, item (i) or item (ii) of the Act;

(vi) if the articles of incorporation contain provisions indicating that a shareholder register administrator is to be appointed, the name, address, and business office of that administrator;

(vii) if the articles of incorporation contain provisions indicating that measures for electronic provision is to be taken, those provisions;

(viii) matters as provided in the articles of incorporation (excluding the matters stated in Article 203, paragraph (1), item (i) through item (iii) of the Act and in each of the preceding items), regarding which the stock company has been requested to give a notification by a person who seeks to file an application to shares for subscription.

(Cases Where Notice to Persons Who Wish to Make an Offer Is Not Required)

Article 42 The cases prescribed by Ministry of Justice Order as provided in Article 203, paragraph (4) of the Act are the following cases, in which the stock company provides the matters stated in each item of that paragraph to persons who wish to make an offer under paragraph (1) of that Article:

(i) if the stock company provides matters to be stated in the prospectus pursuant to the provisions of the Financial Instruments and Exchange Act by electronic or magnetic means;

(ii) if the stock company provides a prospectus or other equivalent documents or materials pursuant to the laws and regulations of a foreign country.

(Matters to Be Disclosed to Shareholders)

Article 42-2 The matters prescribed by Ministry of Justice Order as provided in Article 206-2, paragraph (1) of the Act are as follows:

(i) the name and address of the special subscriber (meaning the special subscriber as provided in Article 206-2, paragraph (1) of the Act; the same applies below in this Article);

(ii) the number of voting rights that the special subscriber (including its subsidiary, etc.; the same applies in items (v) and (vii)) will hold if the special subscriber becomes a holder of shares for subscription that the special subscriber subscribed for;

(iii) the number of voting rights related to the shares for subscription under the preceding item;

(iv) the number of voting rights of all shareholders if all subscribers of shares for subscription become shareholders of the shares for subscription that they subscribed for;

(v) the judgment of the board of directors related to allotment of shares for subscription to the special subscriber or the execution of a contract under Article 205, paragraph (1) of the Act with the special subscriber, and the reasons for that judgment;

(vi) if a stock company has outside directors, if the judgment of the board of directors under the preceding item differs from the opinion of the outside directors, that opinion;

(vii) the opinion of the company auditor, audit and supervisory committee, or audit committee related to allotment of shares for subscription to the special subscriber or the execution of a contract under Article 205, paragraph (1) of the Act with the special subscriber.

(Cases Where Notice to Shareholders Is Not Required)

Article 42-3 The cases prescribed by Ministry of Justice Order as provided in Article 206-2, paragraph (3) of the Act are where a stock company reports or submits the documents stated in the items of Article 40 (limited to documents that contain matters equivalent to the matters described in the items of the preceding Article) pursuant to the provisions of the Financial Instruments and Exchange Act

(including cases where the matters to be stated in the documents are provided by electronic or magnetic means pursuant to the provisions of that Act) no later than two weeks before the date prescribed in Article 206-2, paragraph (1) of the Act, and the Prime Minister provides the documents for public inspection continuously from the date two weeks before that date to that date pursuant to the provisions of that Act.

(First Day of the Period for Indicating Opposition If Notice to Shareholders Is Not Required)

Article 42-4 The date prescribed by Ministry of Justice Order as provided in Article 206-2, paragraph (4) of the Act is the date on which a stock company reports or submits the documents under the preceding Article (if the matters to be stated in the documents is provided by electronic or magnetic means pursuant to the provisions of the Financial Instruments and Exchange Act, provides those matters) pursuant to the provisions of that Act.

(Directors to Be Held Liable for Falsifying Performance of Contributions)

Article 46-2 The persons prescribed by Ministry of Justice Order as provided in Article 213-3, paragraph (1) of the Act are as follows:

(i) a director and executive officer performing duties related to the falsification of the performance of contributions (meaning the performance of contributions as provided in Article 208, paragraph (3) of the Act; the same applies below in this Article);

(ii) if the performance of contributions is falsified based on a resolution of the board of directors, the persons stated below:

(a) a director who approved the resolution of the board of directors;

(b) a director and executive officer who submit a proposal regarding the falsification of performance of contributions at the board of directors;

(iii) if the performance of contributions is falsified based on a resolution at a shareholders meeting, the persons stated below:

(a) a director who submits a proposal regarding the falsification of the performance of contributions at the shareholders meeting;

(b) a director who consents to the decision to submit the proposal in (a) (excluding a director of a company with board of directors);

(c) if the proposal in (a) is submitted based on a resolution of the board of directors, a director who approves the resolution of the board of directors;

(d) a director and executive officer who provide explanations regarding matters related to the falsification of the performance of contributions at the shareholders meeting.

(Securities with a Market Price Not Requiring an Investigation by an Inspector)

Article 43 The method prescribed by Ministry of Justice Order as provided in Article 207, paragraph (9), item (iii) of the Act is to consider the higher of the following amounts as the price of securities prescribed in that item:

(i) the closing price in the market on which the securities are traded on the date for determining the value in Article 199, paragraph (1), item (iii) of the Act (referred to below as "date of value determination" in this Article) (if there are no purchase and sale transactions on the date of value determination, or if the date of value determination falls on a holiday for the relevant market, the price at which the first purchase and sale transaction was carried out after that point);

(ii) if the securities are subject to a tender offer, etc. on the date of value determination, the price of the securities in the contract related to the tender offer, etc. on the date of value determination.

(Directors to Be Held Liable in Case of Shortfall in Value of Property Contributed)

Article 44 The persons prescribed by Ministry of Justice Order as provided in Article 203, paragraph (1), item (i) of the Act are as follows:

(i) a director and executive officer performing duties related to the determination of the value of the property contributed in kind (meaning property contributed in kind as prescribed in Article 207, paragraph (1) of the Act; the same applies below from this Article through Article 46);

(ii) if a shareholders meeting has passed a resolution regarding determination of the value of the property contributed in kind, the director and executive officer who provide explanations regarding the matters related to the value of the property contributed in kind at the shareholders meeting;

(iii) if the board of directors has passed a resolution regarding determination of the value of the property contributed in kind, the director who approves the resolution of the board of directors meeting.

Article 45 The persons prescribed by Ministry of Justice Order as provided in Article 203, paragraph (1), item (ii) of the Act are as follows:

(i) a director who submits a proposal related to the determination of the value of the property contributed in kind at a shareholders meeting;

(ii) a director who consents to the decision to submit the proposal of the preceding item (excluding a director of a company with board of directors);

(iii) if the proposal in item (i) is submitted based on a resolution of the board of directors, the director who approves the resolution of the board of directors meeting.

Article 46 Those prescribed by Ministry of Justice Order as provided in Article 213, paragraph (1), item (iii) of the Act are a director and executive officer who submit a proposal related to the determination of the value of the property contributed in kind to the board of directors.

### **Section 7 Share Certificates**

(Request for Registration of a Lost Share Certificate)

Article 47 (1) Any request under Article 223 of the Act (referred to below as a "request for the registration of a lost share certificate" in this Article) must be made pursuant to the provisions of this Article.

(2) The request for registration of a lost share certificate must indicate the name and address of the person who is requesting the registration of a lost share certificate (in the following paragraph, referred to as a "person requesting registration of a lost share certificate") as well as the serial number of the lost share certificate.

(3) If a person requesting registration of a lost share certificate wishes to request the registration of a lost share certificate, that person must provide the stock company with the materials prescribed in each of the following items, in accordance with the categories of cases stated below:

(i) if the person requesting registration of a lost share certificate is a person stated or recorded in the shareholder register as the shareholder or as the registered pledgee of shares of the shares related to the share certificates: materials verifying the fact that a share certificate has been lost;

(ii) in cases other than the case stated in the preceding item: materials listed below:

(a) materials verifying that the person requesting registration of the lost share certificate possessed the share certificate related to the request for registration of a lost share certificate on or after the date stated or recorded in the shareholder register as the date of acquisition under Article 121, item (iii) of the Act for the shares related to the share certificate;

(b) materials verifying the fact that a share certificate has been lost.

(4) Regarding the application of the provisions of item (ii) of the preceding paragraph if the share certificate related to registration of a lost share certificate is related to shares for which the provisions of Article 121, item (iii) of the Act are not applied due to the provisions of Article 2 of the Cabinet Order Prescribing Transitional Measures that Accompany the Enforcement of the Act on the Arrangement of Relevant Acts Incidental to the Enforcement of the Companies Act, (Cabinet Order No. 367 of 2005), the word "following" in that item is replaced by "in (b)".

(Application for Cancellation by a Person in Possession of Share Certificates)

Article 48 An application under Article 225, paragraph (1) of the Act must present the share certificates and clearly indicate the name and address of the person filing the application.

(Application for Cancellation by the Registrant of a Lost Share Certificate)

Article 49 An application under Article 226, paragraph (1) of the Act must clearly indicate the name and address of the registrant of the lost share certificate who is filing the application, as well as the serial number of the share certificate registered as a lost share certificate.

## **Section 8 Miscellaneous Provisions**

(Market Price for Processing of Shares with Fractions Resulting from Issue of Shares)

Article 50 The method prescribed by Ministry of Justice Order as provided in Article 234, paragraph (2) of the Act is to consider the amount provided in each of following items as the price of the shares prescribed in that item, in accordance with the categories of cases stated below:

(i) if the shares are sold through transactions in a market: the price at sale by the transactions;

(ii) in cases other than the case stated in the preceding item: the higher of the following amounts:

(a) the closing price in the market on which the shares are traded on the date of the sale pursuant to the provisions of Article 234, paragraph (2) of the Act (referred to below as "date of the sale" in this Article) (if there are no purchase and sale transactions on the date of the sale, or if the date of the sale falls on a holiday for the relevant market, the price at which the first purchase and sale transaction was carried out after that point);

(b) if the shares are subject to a tender offer, etc. on the date of the sale, the price of the shares in the contract related to the tender offer, etc. on the date of the sale.

(Market Price for Processing Bonds with Fractions)

Article 51 The method prescribed by Ministry of Justice Order as provided in Article 234, paragraph (2) of the Act, as applied mutatis mutandis pursuant to the provisions of paragraph (6) of that Article is to consider the amount prescribed in each of the items below as the price of the assets sold pursuant to the provisions of paragraph (2) of that Article, as applied mutatis mutandis pursuant to paragraph (6) of that Article, in accordance with the categories of the cases stated below:

(i) if the bonds or share options prescribed in Article 234, paragraph (6) of the Act are sold through transactions in a market: the price at sale by the transactions;

(ii) in cases other than the case stated in the preceding item, if bonds (excluding bonds for bonds with share options; the same applies below in this item) are sold: the closing price in the market on which the bonds are traded on the date of the sale pursuant to the provisions of Article 234, paragraph (2) of the Act, as applied mutatis mutandis pursuant to paragraph (6) of that Act (referred to below as "date of the sale" in this Article) (if there are no purchase and sale transactions on the date of the sale, or if the date of the sale falls on a holiday for the relevant market, the price at which the first purchase and sale transaction was carried out after that point);

(iii) in cases other than the case stated in item (i), if share options (if the share option is attached to a bond with share options, the bond with share options; the same applies below in this item) are sold: the higher of the following amounts:

(a) the closing price in the market on which the share options are traded on the date of the sale (if there are no purchase and sale transactions on the date of the sale, or if the date of the sale falls on a holiday for the relevant market, the price at which the first purchase and sale transaction was carried out after that point);

(b) if the share options are subject to a tender offer, etc. on the date of the sale, the price of the share options in the contract related to the tender offer, etc. on the date of the sale.

(Market Price for Processing Shares with Fractions Resulting from a Share Split)

Article 52 The method prescribed by Ministry of Justice Order as provided in Article 234, paragraph (2) of the Act, as applied mutatis mutandis pursuant to Article 235, paragraph (2) of the Act is to consider the amount prescribed in each of the items below as the price of the shares sold pursuant to Article 234, paragraph (2) of the Act, as applied mutatis mutandis pursuant to Article 235, paragraph (2) of the Act, in accordance with the categories of cases stated below:

(i) if the shares are sold through transactions in a market: the price at sale by the transactions;

(ii) in cases other than the case stated in the preceding item: the higher of the following amounts:

(a) the closing price in the market on which the shares are traded on the date of the sale pursuant to the provisions of Article 234, paragraph (2) of the Act, as applied mutatis mutandis pursuant to Article 235, paragraph (2) of the Act (referred to below as "date of the sale" in this Article) (if there are no purchase and sale transactions on the date of the sale, or if the date of the sale falls on a holiday for the relevant market, the price at which the first purchase and sale transaction was carried out after that point);

(b) if the shares are subject to a tender offer, etc. on the date of the sale, the price of the shares in the contract related to the tender offer, etc. on the date of the sale.

### **Chapter III Share Options**

(Cases Where Notice of Subscription Requirements Is Not Required)

Article 53 The cases prescribed by Ministry of Justice Order as provided in Article 240, paragraph (4) of the Act are where a stock company reports or submits the following documents (limited to documents that contain matters equivalent to subscription requirements as provided in Article 238, paragraph (1) of the Act) pursuant to the provisions of the Financial Instruments and Exchange Act (including cases where the matters to be stated in the documents are provided by electronic or magnetic means pursuant to the provisions of that Act) no later than two weeks before the date of allotment (meaning the date of allotment as provided in Article 238, paragraph (1), item (iv) of the Act; the same applies in Article 55-4), and the Prime Minister provides the documents for public inspection continuously from the date two weeks before the date of allotment to the date of allotment pursuant to the provisions of that Act:

(i) the registration statement under Article 5, paragraph (1) of the Financial Instruments and Exchange Act in cases from Article 4, paragraph (1) through

paragraph (3) of that Act in which reports are filed (including amendment statements);

(ii) the shelf registration statement as provided in Article 23-3, paragraph (1) of the Financial Instruments and Exchange Act and the shelf registration supplements as provided in Article 23-8, paragraph (1) of that Act (including amendment shelf registration statements);

(iii) annual securities reports as provided in Article 24, paragraph (1) of the Financial Instruments and Exchange Act (including amendment reports);

(iv) quarterly securities reports as provided in Article 24-4-7, paragraph (1) of the Financial Instruments and Exchange Act (including amendment reports);

(v) semiannual securities reports as provided in Article 24-5, paragraph (1) of the Financial Instruments and Exchange Act (including amendment reports);

(vi) extraordinary reports as provided in Article 24-5, paragraph (4) of the Financial Instruments and Exchange Act (including amendment reports).

(Matters to Be Disclosed to Persons Who Wish to Make an Offer)

Article 54 The matters prescribed by Ministry of Justice Order as provided in Article 242, paragraph (1), item (iv) of the Act are as follows:

(i) the total number of authorized shares (for a company with class shares, including the total number of authorized shares in a class for each class of shares);

(ii) if the matters stated in the items under Article 107, paragraph (1) are prescribed as the features of shares issued by a stock company (excluding a company with class shares), the features of those shares;

(iii) if a stock company (limited to a company with class shares) is required to issue shares with different features for the matters stated in the items of Article 108, paragraph (1) of the Act, the features of each class of shares (if the articles of incorporation contain provisions regarding a class of shares under paragraph (3) of that Article, if the stock company does not prescribe the features of the class of shares based on a provision of the articles of incorporation, an outline of the features of the class of shares);

(iv) if the articles of incorporation contain provisions regarding share units, those share units (for a company with class shares, the share units for each class of shares);

(v) if the following provisions are present in the articles of incorporation, those provisions:

(a) provisions of the articles of incorporation as provided in Article 139, paragraph (1), Article 140, paragraph (5), or Article 145, item (i) or item (ii) of the Act;

(b) provisions of the articles of incorporation as provided in Article 164, paragraph (1) of the Act;

(c) provisions of the articles of incorporation as provided in Article 167, paragraph (3) of the Act;

(d) provisions of the articles of incorporation as provided in Article 168, paragraph (1) or Article 169, paragraph (2) of the Act;

(e) provisions of the articles of incorporation as provided in Article 174 of the Act;

(f) provisions of the articles of incorporation as provided in Article 347 of the Act;

(g) provisions of the articles of incorporation as provided in Article 26, item (i) or item (ii) of the Act;

(vi) if the articles of incorporation contain provisions indicating that a shareholder register administrator is appointed, the name, address, and business office of that administrator;

(vii) matters as provided in the articles of incorporation (excluding the matters stated from Article 242, paragraph (1), item (i) through item (iii) of the Act and in each of the preceding items) regarding which the stock company has been requested to give a notification by a person who seeks to file an application to share options for subscription.

(Cases Where Notice to Persons Who Wish to Make an Offer Is Not Required)

Article 55 The cases prescribed by Ministry of Justice Order as provided in Article 242, paragraph (4) of the Act are the following cases, in which the stock company provides the matters stated in each item of that paragraph to persons who wish to make an offer under paragraph (1) of that Article:

(i) if the stock company provides matters to be stated in the prospectus pursuant to the provisions of the Financial Instruments and Exchange Act by electronic or magnetic means;

(ii) if the stock company provides a prospectus or other equivalent documents or materials pursuant to the laws and regulations of a foreign country.

(Matters to Be Disclosed to Shareholders)

Article 55-2 The matters prescribed by Ministry of Justice Order as provided in Article 244-2, paragraph (1) of the Act are as follows:

(i) the name and address of the special subscriber (meaning the special subscriber as provided in Article 244-2, paragraph (1) of the Act; the same applies below in this Article and paragraph (3) of the following Article);

(ii) the largest number of voting rights that the special subscriber (including its subsidiary, etc.; the same applies below in this Article and paragraph (3) of the following Article) will hold if the special subscriber becomes a shareholder of the shares issued (meaning the shares issued as provided in Article 244-2, paragraph (2) of the Act; the same applies in the following item and paragraph (3) of the following Article) for the share options for subscription that the special subscriber subscribed for;

(iii) the largest number of voting rights related to the shares issued under the preceding item;

(iv) the largest number of voting rights of all shareholders in the case prescribed in item (ii);

(v) the judgment of the board of directors related to allotment of share options for subscription to the special subscriber or the execution of a contract under Article 244, paragraph (1) of the Act with the special subscriber, and the reasons for that judgment;

(vi) if a stock company has outside directors, if the judgment of the board of directors under the preceding item differs from the opinion of the outside directors, that opinion;

(vii) the opinion of the company auditor, audit and supervisory committee, or audit committee related to allotment of share options for subscription to the special subscriber or the execution of a contract under Article 244, paragraph (1) of the Act with the special subscriber.

(Shares Issued)

Article 55-3 (1) The shares prescribed by Ministry of Justice Order as provided in Article 244-2, paragraph (2) of the Act are as follows:

(i) if there are provisions on the matters stated in (a) or (b) below as the features of share options for subscription, shares to which the share options specified in (a) or (b) relate (referred to as "share options which are consideration for acquisition" in the following item and the following paragraph):

(a) matters stated in Article 236, paragraph (1), item (vii), (f) of the Act: other share options referred to in (f) of that item;

(b) matters stated in Article 236, paragraph (1), item (vii), (g) of the Act: the share options attached to the bonds with share options referred to in (g) of that item;

(ii) if there are provisions on the matters stated in Article 236, paragraph (1), item (vii), (d) as the features of share options which are consideration for acquisition, the shares referred to in (d) of that item.

(2) With regard to the application of the provisions of the preceding paragraph, the share options specified in item (i), (a) or (b) of that paragraph if there are provisions on the matters stated in (a) or (b) as the features of share options which are consideration for acquisition are deemed share options which are consideration for acquisition.

(3) If the number of shares issued is decided by a method based on the market value or any other indicator on any single day after the date a decision is made to allot share options for subscription to a special subscriber or after the date a contract under Article 244, paragraph (1) of the Act with a special subscriber is executed (referred to below as the "date when allotment is decided, etc." in this paragraph) or by any other calculation method, the number of the shares issued is the number calculated by deeming that the shares issued are issued on the date immediately preceding the date when allotment is decided, etc.

(Cases Where Notice to Shareholders Is Not Required)

Article 55-4 The cases prescribed by Ministry of Justice Order as provided in Article 244-2, paragraph (4) of the Act are where a stock company reports or

submits the documents listed in the items of Article 53 (limited to documents that contain matters equivalent to the matters stated in the items of Article 55-2) pursuant to the provisions of the Financial Instruments and Exchange Act (including cases where the matters to be stated in the documents are provided by electronic or magnetic means pursuant to the provisions of that Act) no later than two weeks before the date of allotment, and the Prime Minister provides the documents for public inspection continuously from the date two weeks before the date of allotment to the date of allotment pursuant to the provisions of that Act.

(First Day of the Period for Indicating Opposition If Notice to Shareholders Is Not Required)

Article 55-5 The date prescribed by Ministry of Justice Order as provided in Article 244-2, paragraph (5) of the Act is the date on which a stock company reports or submits the documents under the preceding Article (if the matters to be stated in the documents is provided by electronic or magnetic means pursuant to the provisions of the Financial Instruments and Exchange Act, provides those matters) pursuant to the provisions of that Act.

(Demand for Entry of Matters Registered in the Share Option Registry)

Article 56 (1) The cases prescribed by Ministry of Justice Order as provided in Article 260, paragraph (2) of the Act are as follows:

(i) if an acquirer of share options has obtained a final and binding judgment against a person who is stated or recorded in the share option registry as a holder of share options or a general successor of that person, ordering that a demand be made under Article 260, paragraph (1) in relation to the share options acquired by the acquirer of share options, when a demand is made by providing documents or other materials verifying the content of the final and binding judgment;

(ii) if an acquirer of share options makes a demand by providing documents or other materials verifying the content that has the same effect as the final and binding judgment of the preceding item;

(iii) if an acquirer of share options is a person who has acquired share options of the stock company by general succession, when a demand is made by providing documents or other materials verifying that general succession;

(iv) if an acquirer of share options is a person who has acquired share options of the stock company by auction, when a demand is made by providing documents or other materials verifying that the acquisition was done by that auction;

(v) if an acquirer of share options is a person who has acquired all of the share options subject to a cash-out issued by the stock company based on a demand for a share option cash-out, and if the acquirer of share options makes the demand.

(2) Notwithstanding the provisions of the preceding paragraph, if the share options acquired by the acquirer of share options are share option certificates or are share options attached to bonds with share options for which a certificate is issued,

the cases prescribed by Ministry of Justice Order as provided in Article 260, paragraph (2) of the Act are as follows:

(i) if an acquirer of share options presents the share option certificates or certificates of bonds with share options when making a demand;

(ii) if an acquirer of share options is a person who has acquired all of the share options subject to a cash-out issued by the stock company based on a demand for a share option cash-out, and if the acquirer of share options makes a demand.

(Requests for Approval by Acquirers of Share Options)

Article 57 (1) The cases prescribed by Ministry of Justice Order as provided in Article 263, paragraph (2) of the Act are as follows:

(i) if an acquirer of share options has obtained a final and binding judgment against a person who is stated or recorded in the share option registry as a holder of share options or a general successor of that person, ordering that a demand be made under Article 263, paragraph (1) in relation to the share options acquired by the acquirer of share options, when a demand is made by providing documents or other materials verifying the content of the final and binding judgment;

(ii) if an acquirer of share options makes a demand by providing documents or other materials verifying the content that has the same effect as the final and binding judgment of the preceding item;

(iii) if an acquirer of share options is a person who has obtained share options of the stock company by auction, when a demand is made by providing documents or other materials verifying that the acquisition was done by that auction.

(2) Notwithstanding the provisions of the preceding paragraph, if the share options acquired by the acquirer of share options are share option certificates or are share options attached to bonds with share options for which a certificate is issued, the case prescribed by Ministry of Justice Order as provided in Article 263, paragraph (2) of the Act is where the acquirer of share options presents the share option certificates or certificates of bonds with share options when making the demand.

(Cases Where Fractions Occur in Shares Due to Exercise of Share Options)

Article 58 The method prescribed by Ministry of Justice Order as provided in Article 283, item (i) of the Act is to consider the higher of the following amounts as the price of the shares prescribed in that item:

(i) the closing price in the market on which the shares are traded on the date of exercising a share option (referred to below as "date of exercising a share option" in this Article) (if there are no purchase and sale transactions on the date of exercising a share option, or if the date of exercising a share option falls on a holiday for the relevant market, the price at which the first purchase and sale transaction was carried out after that point);

(ii) if shares are subject to a tender offer, etc. on the date of exercising a share option, the price of the shares in the contract related to the tender offer, etc. on the date of exercising a share option.

(Securities with a Market Price That Do Not Need to Be Investigated by an Inspector)

Article 59 The method prescribed by Ministry of Justice Order as provided in Article 284, paragraph (9), item (iii) of the Act is to consider the higher of the following amounts as the price of the securities prescribed in that item:

(i) the closing price in the market on which the securities are traded on the date of exercising a share option (referred to below as the "date of exercising a share option" in this Article) (if there are no purchase and sale transactions on the date of exercising a share option, or if the date of exercising a share option falls on a holiday for the relevant market, the price at which the first purchase and sale transaction was carried out after that point);

(ii) if securities are subject to a tender offer, etc. on the date of exercising a share option, the price of the securities in the contract related to that tender offer, etc. on the date of exercising the share option.

(Directors to Be Held Liable in Cases of Shortfall in Value of Property Contributed)

Article 60 The persons prescribed by Ministry of Justice Order as provided in Article 286, paragraph (1), item (i) of the Act are as follows:

(i) a director and executive officer performing duties related to the determination of the value of the property contributed in kind (meaning property contributed in kind as provided in Article 284, paragraph (1) of the Act; the same applies below from this Article through Article 62);

(ii) if a shareholders meeting has passed a resolution regarding determination of the value of the property contributed in kind, the director and executive officer who provided explanations regarding the matters related to the value of the property contributed in kind at that shareholders meeting;

(iii) if the board of directors has passed a resolution regarding determination of the value of the property contributed in kind, the director who approves the resolution of the board of directors meeting.

Article 61 The persons prescribed by Ministry of Justice Order as provided in Article 286, paragraph (1), item (ii) of the Act are as follows:

(i) a director who submits a proposal related to the determination of the value of the property contributed in kind at a shareholders meeting;

(ii) a director who consents to the decision to submit the proposal of the preceding item (excluding a director of a company with board of directors);

(iii) if the proposal in item (i) is submitted based on a resolution of the board of directors, the director who approves the resolution of the board of directors meeting.

Article 62 The persons prescribed by Ministry of Justice Order as provided in Article 286, paragraph (1), item (iii) of the Act are a director and executive officer who submit a proposal related to the determination of the value of the property contributed in kind to the board of directors.

(Directors to Be Held Liable for Falsifying the Payment of Share Options)

Article 62-2 The persons prescribed by Ministry of Justice Order as provided in Article 286-3, paragraph (1) of the Act are as follows:

(i) a director and executive officer performing duties related to the falsification of payments, etc. (meaning the payment or delivery as provided in the items of Article 286-2, paragraph (1) of the Act; the same applies below in this Article);

(ii) if payments, etc. are falsified based on a resolution of the board of directors, the persons stated below:

(a) a director who approves the resolution of the board of directors;

(b) a director and executive officer who submit a proposal related to the falsification of payments, etc. at the board of directors;

(iii) if payments, etc. are falsified based on a resolution at a shareholders meeting, the persons stated below:

(a) a director who submits a proposal related to the falsification of payments, etc. at the shareholders meeting;

(b) a director who consents to the decision to submit the proposal in (a) (excluding a director of a company with board of directors);

(c) if the proposal in (a) is submitted based on a resolution of the board of directors, a director who approves the resolution of the board of directors;

(d) a director and executive officer who provide explanations regarding the matters related to the falsification of payments, etc. at the shareholders meeting.

## **Chapter IV Organs**

### **Section 1 Shareholders Meetings and General Meetings of Class**

#### **Shareholders**

##### **Subsection 1 General Rules**

(Matters Determined in a Calling)

Article 63 The matters prescribed by Ministry of Justice Order as provided in Article 298, paragraph (1), item (v) of the Act are as follows:

(i) if the shareholders meeting as provided in Article 298, paragraph (1), item (i) of the Act is the annual shareholders meeting, and the date under that item is one that falls under any of the following conditions, the reason for determining that date and time (if the date falls under condition (b), limited to when there is a special reason for having decided on that date and time):

(a) the date is one that is markedly distant from the date corresponding to that of the annual shareholders meeting for the previous business year;

(b) if a stock company is a public company, a significant number of other stock companies (limited to public companies) are holding annual shareholders meetings on the same date as the aforementioned date;

(ii) if the location of the shareholders meeting as provided in Article 298, paragraph (1), item (i) of the Act is a location that is significantly distant from any of the locations of shareholders meetings held in the past (excluding the cases stated below), the reason for having decided on that place:

(a) if the location is prescribed by the articles of incorporation;

(b) if all shareholders who will not be present at the shareholders meeting consent to the meeting being held at the location;

(iii) if the matters stated in Article 298, paragraph (1), item (iii) or item (iv) have been prescribed, the following matters (excluding if the articles of incorporation provide for the matters stated in items (b) through (d) and (f) and a decision has been made to delegate the decisions on these matters to the director):

(a) the matters stated in reference documents for the shareholders meeting pursuant to the provisions of the following subsection (excluding the matters listed in Article 85-2, item (iii), Article 85-3, item (iii), Article 86, item (iii) and item (iv), Article 87, item (iii) and item (iv), Article 88, item (iii) and item (iv), Article 89, item (iii), Article 90, item (iii), Article 91, item (iii), Article 91-2, item (iii), and Article 92, item (iii));

(b) if a certain time is prescribed as the time limit on the exercise of voting rights in writing (limited to a time on or after the date on which two weeks have passed from the date when a notice was issued pursuant to the provisions of Article 299, paragraph (1) of the Act and also on or before the date and time of the shareholders meeting), that certain time;

(c) if a certain time is prescribed as the time limit on the exercise of voting rights by electronic or magnetic means (limited to a time on or after the date on which two weeks have passed from the date when a notice was issued pursuant to the provisions of Article 299, paragraph (1) of the Act and also on or before the date and time of the shareholders meeting), that certain time;

(d) if the treatment under Article 66, paragraph (1), item (ii) is prescribed, the content of that treatment;

(e) matters not to be stated in the reference documents for a shareholders meeting provided to shareholders pursuant to taking the measures under Article 94, paragraph (1);

(f) if a single shareholder exercises voting rights in duplicate with respect to the same proposal pursuant to the provisions stated below in accordance with the categories of cases stated below, if matters regarding treatment of the exercise of voting rights by the shareholder are decided (excluding the cases prescribed in the following item) when the content of the exercise of voting rights with respect to the same proposal differs, those matters:

1. if the matters stated in Article 298, paragraph (1), item (iii) are prescribed: Article 311, paragraph (1) of the Act;

2. if the matters stated in Article 298, paragraph (1), item (iv) are prescribed: Article 312, paragraph (1) of the Act;

(g) among the matters to be stated in the reference documents for a shareholders meeting, those that are not to be stated in the document to be delivered pursuant to Article 325-5, paragraph (2) of the Act based on the provisions of the articles of incorporation under paragraph (3) of that Article (referred to as the "document stating the matters subject to measures for electronic provision" in Article 95-4);

(iv) if the matters listed in Article 298, paragraph (1), item (iii) and item (iv) have been prescribed, the following matters (excluding the matters if the articles of incorporation provide for the matters listed from (a) through (c)):

(a) if it has been decided that voting forms (meaning the voting forms prescribed in paragraph (1) of Article 301 of the Act; the same applies below in this Section) are to be delivered (including provision by electronic or magnetic means under Article 301, paragraph (2) of the Act in lieu of the delivery) under paragraph (1) of that Article of the Act to a shareholder if a demand has been made by the shareholder who has given consent under Article 299, paragraph (3) of the Act, that fact;

(b) if a single shareholder exercises voting rights in duplicate with respect to the same proposal pursuant to the provisions of Article 311, paragraph (1) or Article 312, paragraph (1) of the Act, if matters regarding treatment of the exercise of voting rights by the shareholder are decided when the content of the exercise of voting rights with respect to the same proposal differs, those matters;

(c) if the articles of incorporation contain provisions indicating that measures for electronic provision are to be taken, and if a decision is made to take the measures for electronic provision of information on the matters to be stated on the voting forms after a demand has been made by the shareholder who has given consent under Article 299, paragraph (3) of the Act (the matters are limited to those relating to that shareholder; the same applies in Article 66, paragraph (3)), that fact;

(v) regarding the exercise of voting rights by proxy under Article 310, paragraph (1) of the Act, if the method of verifying the right of representation (including proxy qualifications), the number of proxies, and other matters relevant to the exercise of voting rights by proxy are prescribed (excluding cases where the matters are as provided in the articles of incorporation), those matters;

(vi) if the method of notice as provided in Article 313, paragraph (2) of the Act is prescribed (excluding cases where the articles of incorporation provide for the method of that notice), that method;

(vii) in cases other than the cases as provided in item (iii), if the following matters are for the purpose of the shareholders meeting, a description of the proposals related to those matters (if the proposals have not been finalized, that fact):

- (a) election of officer, etc.;
- (b) remuneration, etc. of officer, etc.;
- (c) acquisition of shares subject to class-wide call;
- (d) consolidation of shares;
- (e) solicitation of persons to subscribe for shares for subscription in the cases as provided in Article 199, paragraph (3) or Article 200, paragraph (2) of the Act;
- (f) solicitation of persons to subscribe for share options for subscription in the cases as provided in the items of Article 238, paragraph (3) and the items of Article 239, paragraph (2) of the Act;
- (g) business transfer, etc.;
- (h) amendment of articles of incorporation;
- (i) merger;
- (j) absorption-type company split;
- (k) succession to all or part of the rights and obligations held by another company in relation to its business by absorption-type company split;
- (l) incorporation-type company split;
- (m) share exchange;
- (n) acquisition of all issued shares of another stock company by share exchange;
- (o) share transfer.
- (p) partial share exchange.

(Stock Companies Not Required to Prescribe the Exercise of Voting Rights in Writing)

Article 64 The company prescribed by Ministry of Justice Order as provided in Article 298, paragraph (2) of the Act is a stock company if a director of a stock company (if a shareholder calls a shareholders meeting pursuant to the provisions of Article 297, paragraph (4) of the Act, the shareholder) solicits all shareholders as provided in Article 298, paragraph (2) of the Act (including as applied following the deemed replacement of terms pursuant to the provisions of paragraph (3) of that Article) to have a third party exercise voting rights by delivering a proxy form upon receiving notice of the shareholders meeting pursuant to the provisions of the Financial Instruments and Exchange Act.

(Reference Documents for Shareholders Meetings)

Article 65 (1) The matters stated in the reference documents for a shareholders meeting delivered pursuant to the provisions of Article 301, paragraph (1) or Article 302, paragraph (1) of the Act are governed by the provisions of the following Subsection.

(2) The delivery of the reference documents for a shareholders meeting prepared by the stock company for which the matters stated in Article 298, paragraph (1), item (iii) and item (iv) of the Act are prescribed (including provision by electronic or magnetic means in lieu of the delivery) is the delivery of the reference documents

for a shareholders meeting under Article 301, paragraph (1) and Article 302, paragraph (1) of the Act.

(3) The director, with respect to matters that should be in the reference documents for a shareholders meeting and which are to be revised, if circumstances have arisen in the interval from the day the notice of calling (meaning the notice under Article 299, paragraph (2) or paragraph (3) of the Act; the same applies below in this Section) was dispatched to the day before the shareholders meeting, may give the notice of calling together with the notice of the means of making shareholders aware of the matters after the revision.

(Voting Forms)

Article 66 (1) The matters to be stated on the voting forms to be delivered pursuant to the provisions of Article 301, paragraph (1) of the Act, or the matters to be stated on the voting forms provided by electronic or magnetic means pursuant to the provisions of Article 302, paragraph (3) or paragraph (4) of the Act are as follows:

(i) a field to record the support for or the opposition to (including abstention, if a field for abstention is provided) each proposal (in the cases stated below from (a) through (c), the items prescribed for those cases):

(a) if a proposal is related to the election of two or more officers, etc.: the election of those candidates;

(b) if a proposal is related to the dismissal of two or more officers, etc.: the dismissal of those officers, etc.;

(c) if a proposal is related to the refusal to reelect two or more financial auditors: the refusal to reelect those financial auditors;

(ii) if there are provisions with respect to the matters stated in Article 63, item (iii), (d), when a voting form lacking an entry in the field under item (i) has been submitted to the stock company, the content of the handling of the voting form as to whether it is an indication of manifestation of support, opposition, or abstention regarding each proposal;

(iii) if there are provisions with respect to the matters stated in Article 63, item (iii), (f) or item (iv), (b), those matters;

(iv) the time limit on the exercise of voting rights;

(v) the name of a shareholder to exercise voting rights and the number of exercisable voting rights (including matters prescribed in (a) or (b) below in the cases stated in (a) or (b)):

(a) if the number of exercisable voting rights by the shareholder differs for each proposal: the number of voting rights per proposal;

(b) if voting rights cannot be exercised with regard to some proposals: the proposals for which voting rights can be exercised and the proposals for which voting rights cannot be exercised.

(2) If there are provisions with respect to the matters stated in Article 63, item (iv), (a), if a demand has been made by a shareholder who has given consent under Article 299, paragraph (3) of the Act, a stock company must deliver (including provision by electronic or magnetic means under paragraph (2) of that Article in lieu of the delivery) the voting forms under Article 301, paragraph (1) of the Act to that shareholder.

(3) If there are provisions with respect to the matters stated in Article 63, item (iv), (c), if a demand has been made by a shareholder who has given consent under Article 299, paragraph (3) of the Act, a stock company must take measures for electronic provision of information on the matters to be stated on the voting form; provided, however, that this does not apply if the stock company delivers a voting form under Article 325-3, paragraph (2) of the Act to that shareholder.

(4) Among the matters to be included in the content of a notice of calling provided to the shareholders in relation to the same shareholders meeting, if there are any matters that have been stated on the voting forms, those matters need not be included in the content of the notice of calling.

(5) Among the matters to be stated on the voting forms provided to the shareholders in relation to the same shareholders meeting (limited to the matters stated from paragraph (1), item (ii) through item (iv)), if there are any matters that have been the content of the notice of calling, those matters need not be stated on the voting forms.

#### (Relationships That May Allow Substantial Control)

Article 67 (1) The shareholder prescribed in Ministry of Justice Order as provided in Article 308, paragraph (1) of the Act is deemed to be an entity that is the shareholder in the event that a stock company (including a subsidiary company of the stock company) holds one quarter or more of the total voting rights (including voting rights which cannot be exercised pursuant to the provisions of laws and regulations (including laws and regulations of a foreign country) other than that paragraph or equivalent Acts, but excluding voting rights related to shares (including items equivalent to those shares) for which voting rights cannot be exercised at a shareholders meeting (including occasions equivalent to those meetings) for all proposals regarding appointment of officers, etc. (excluding a financial auditor) and changes to the articles of incorporation; referred to below in this Article as "voting rights subject to cross-holding restrictions") in the shareholder's company, etc. (excluding if an entity other than the shareholder cannot exercise a voting right for a proposal (limited to cases where the proposal is resolved) for the shareholders meeting of the stock company).

(2) In the case of the preceding paragraph, the numbers of voting rights subject to cross-holding restriction owned by a stock company or any of its subsidiary companies as well as the total number of voting rights subject to cross-holding restriction (referred to below as "number of subject voting rights" in this Article) are

the number of subject voting rights on the date of the shareholders meeting of the stock company.

(3) Notwithstanding the provisions of the preceding paragraph, if a specified record date (meaning the record date as provided in Article 124, paragraph (1) of the Act for prescribing the persons who can exercise voting rights at the shareholders meeting; the same applies below in this Article) is prescribed, the number of subject voting rights is the number on the specified record date; provided, however, that in the cases stated in the following items, the number of subject voting rights is that on the date established in those items:

(i) if after the specified record date all of the voting rights subject to cross-holding restriction are acquired through a share exchange, a share transfer, or some other act performed by the stock company or any of its subsidiary companies: the date on which the act becomes effective;

(ii) if the number of subject voting rights increases or decreases (excluding the case stated in the preceding item), and the stock company becomes aware during the interval from the specified record date to the date on which all of the matters stated in the items of Article 298, paragraph (1) of the Act with respect to the shareholders meeting are decided (if the stock company prescribes a date after the date on which all of the aforementioned matters are decided, to the prescribed date) that the voting rights attached to the stock company shares owned by a person who is the shareholder of paragraph (1) can be exercised or cannot be exercised as a result of that increase or decrease: the date on which the stock company became aware of the fact.

(4) Notwithstanding the provisions of item (ii) of the preceding paragraph, the stock company may calculate the number of subject voting rights, taking into consideration matters (including the fact that the stock company was aware of the increase or decrease described in item (ii) of the preceding paragraph) occurring in the interval from the date on which all of the matters specified in the items of Article 298, paragraph (1) of the Act with respect to the shareholders meeting are decided (if the stock company prescribes a date after the date on which all of the aforementioned matters are decided, from the prescribed date) to the date of the shareholders meeting.

(Amount of Deficit)

Article 68 The method prescribed by Ministry of Justice Order as provided in Article 309, paragraph (2), item (ix), (b) of the Act is to consider the higher of the following amounts the amount of deficit:

(i) zero;

(ii) the amount obtained by subtracting the distributable amount from zero.

(Time Limit on the Exercise of Voting Rights in Writing)

Article 69 The time prescribed by Ministry of Justice Order as provided in Article 311, paragraph (1) of the Act is the end of business hours immediately before the

date and time of the shareholders meeting (if the matters stated in Article 63, item (iii), (b) are prescribed, the special time of (b) of that item).

(Time Limit on the Exercise of Voting Rights by Electronic or Magnetic Means)

Article 70 The time prescribed by Ministry of Justice Order as provided in Article 312, paragraph (1) of the Act is the end of business hours immediately before the date and time of the shareholders meeting (if the matters stated in Article 63, item (iii), (c) are prescribed, the special time of (c) of that item).

(Accountability of Directors)

Article 71 The cases prescribed Ministry of Justice Order as provided in Article 314 of the Act are as follows:

(i) cases where an investigation needs to be performed in order to provide an explanation of the matters regarding which a shareholder has sought an explanation (excluding the following cases):

(a) cases where the shareholder notified the stock company of the matter within a reasonable period of time before the date of the shareholders meeting;

(b) cases where the investigation required in order to explain the matter is extremely simple;

(ii) cases where explaining the matter regarding which a shareholder sought an explanation would infringe the rights of the stock company or another corporation (excluding the shareholder);

(iii) cases where a shareholder repeatedly seeks an explanation regarding a matter that is essentially the same at the shareholders meeting;

(iv) in addition to the cases stated in the preceding three items, cases where there are justifiable grounds for not explaining a matter regarding which a shareholder has sought an explanation.

(Minutes)

Article 72 (1) The preparation of the minutes of the shareholders meeting under Article 318, paragraph (1) of the Act is governed by the provisions of this Article.

(2) The minutes of the shareholders meeting must be prepared in writing or as electronic or magnetic records.

(3) The minutes of the shareholders meeting must include the following matters:

(i) the date, time, and location where the shareholders meeting was held (including the method of the attendance if directors (in the case of a company with audit and supervisory committee, directors who are audit and supervisory committee members or other directors; the same applies in item (iv)), executive officers, accounting advisors, company auditors, financial auditors, or shareholders not at the place were in attendance at the shareholders meeting);

(ii) a summary of the progress of the agenda of the shareholders meeting and the results of that meeting;

(iii) if opinions are stated or remarks are made at the shareholders meeting pursuant to the following provisions, a summary of the content of those opinions or remarks:

- (a) Article 342-2, paragraph (1) of the Act;
- (b) Article 342-2, paragraph (2) of the Act;
- (c) Article 342-2, paragraph (4) of the Act;
- (d) Article 345, paragraph (1) of the Act (including as applied mutatis mutandis pursuant to paragraph (4) and paragraph (5) of that Article);
- (e) Article 345, paragraph (2) of the Act (including as applied mutatis mutandis pursuant to paragraph (4) and paragraph (5) of that Article);
- (f) Article 361, paragraph (5) of the Act;
- (g) Article 361, paragraph (6) of the Act;
- (h) Article 377, paragraph (1) of the Act;
- (i) Article 379, paragraph (3) of the Act;
- (j) Article 384 of the Act;
- (k) Article 387, paragraph (3) of the Act;
- (l) Article 389, paragraph (3) of the Act;
- (m) Article 398, paragraph (1) of the Act;
- (n) Article 398, paragraph (2) of the Act;
- (o) Article 399-5 of the Act;
- (iv) the names of directors, executive officers, accounting advisors, company auditors, or financial auditors who attended the shareholders meeting;
- (v) the name of the chairperson of the shareholders meeting, if any;
- (vi) the name of the director performing duties related to the preparation of the minutes.

(4) In the cases stated in the following items, the minutes of the shareholders meeting are to include the matters prescribed in each of the following items:

(i) if a resolution is deemed to have been made at the shareholders meeting pursuant to the provisions of Article 319, paragraph (1) of the Act: the following matters:

(a) the content of the matters regarding which a resolution is deemed to have been made at the shareholders meeting;

(b) the name of the person who has proposed the matters in (a);

(c) the date on which the resolution is deemed to have been made at the shareholders meeting;

(d) the name of the director who has performed duties related to the preparation of the minutes;

(ii) if a report is deemed to have been made to the shareholders meeting pursuant to the provisions of Article 320 of the Act: the following matters:

(a) the content of the matters regarding which a report is deemed to have been made to the shareholders meeting;

(b) the date on which the report is deemed to have been made to the shareholders meeting;

(c) the name of the director who has performed duties related to the preparation of the minutes.

## **Subsection 2 Reference Documents for Shareholders Meetings**

### **Division 1 General Rules**

Article 73 (1) The reference documents for a shareholders meeting must state the following matters:

(i) proposals;

(ii) reasons for the proposals (limited to the proposals made by a director, including matters to be explained at the shareholders meeting if there are any matters regarding a proposal that require an explanation);

(iii) a summary of the content of the report, if a report related to a proposal is to be provided at the shareholders meeting pursuant to the provisions of Article 384 or Article 389, paragraph (3) or Article 399-5.

(2) In addition to the matters prescribed in this Section, the reference documents for a shareholders meeting may state matters that are recognized as a reference regarding the exercise of voting rights by the shareholders.

(3) Among the matters to be stated in the reference documents for a shareholders meeting provided to the shareholders in relation to the same shareholders meeting, if there are any matters that have been stated in other documents or that have been provided by electronic or magnetic means, those matters need not be stated in the reference documents for the shareholders meeting provided to the shareholders. In this case, the fact that there are matters that have been stated in other documents or that have been provided by electronic or magnetic means must be disclosed.

(4) Among the matters to be included in the content of a notice of calling provided to the shareholders in relation to the same shareholders meeting or in the business report provided to the shareholders pursuant to the provisions of Article 437 of the Act, if there are any matters that have been stated in the reference documents for the shareholders meeting, those matters need not be included in the content of the notice of calling provided to shareholders or in the business report provided to the shareholders pursuant to the provisions of Article 437 of the Act.

### **Division 2 Election of Officers**

(Proposals Related to the Election of Directors)

Article 74 (1) If a director submits a proposal related to the election of a director (if the stock company is a company with audit and supervisory committee, excluding a director who is an audit and supervisory committee member; the same applies in item (ii) of the following paragraph), the reference documents for the shareholders meeting must state the following matters:

(i) the name, date of birth, and brief biographical outline of the candidate;

(ii) if the person has not yet received consent to assume the director position, that fact;

(iii) if the stock company is a company with audit and supervisory committee, if the audit and supervisory committee has an opinion under Article 342-2, paragraph (4) of the Act, a summary of the content of that opinion;

(iv) if a contract under Article 427, paragraph (1) of the Act has been concluded, or is to be concluded, between a candidate and the stock company, a summary of the content of that contract.

(v) if an indemnity agreement has been concluded, or is to be concluded, between a candidate and the stock company, a summary of the content of that indemnity agreement;

(vi) if an officer, etc. indemnification insurance policy under which a candidate is the insured has been concluded, or is to be concluded, a summary of the content of that officer, etc. indemnification insurance policy.

(2) In the case prescribed in the preceding paragraph, if the stock company is a public company, the reference documents for the shareholders meeting must state the following matters:

(i) the number of shares of the stock company held by a candidate (in the case of a company with class shares, the classes of shares and the number of shares per class);

(ii) if a candidate were to assume office as a director of the stock company and if a fact exists that falls under an important concurrent holding of positions as prescribed in Article 121, item (viii), that fact;

(iii) if there is a special interest between a candidate and the stock company, a summary of that fact;

(iv) if a candidate is currently a director of the stock company, the position and assignment at the stock company.

(3) In the case prescribed in paragraph (1), if the stock company is a public company and is also a subsidiary company, etc. of another person, the reference documents for the shareholders meeting must state the following matters:

(i) if a candidate is currently the relevant other person (limited to a natural person), that fact;

(ii) if a candidate is currently an executive of the relevant other person (including a subsidiary company, etc. (excluding that stock company) of the relevant other person; the same applies below in this paragraph), the position and assignment at the relevant other person;

(iii) if the stock company is aware that a candidate has been an executive of the relevant other company in the past ten years, the position and assignment at the relevant other company.

(4) In the case prescribed in paragraph (1), if a candidate is a candidate for outside director, the reference documents for the shareholders meeting must state

the following matters (excluding the matters in item (iv) through item (viii) if the stock company is not a public company):

(i) the fact that the candidate is a candidate for an outside director;

(ii) the reason why the candidate is designated as a candidate for an outside director;

(iii) a summary of the role expected to be played by the candidate if elected as an outside director (limited to an outside officer; the same applies below in this paragraph);

(iv) if the candidate is currently an outside director of the stock company and if there has been a violation of laws and regulations or the articles of incorporation or any other unfair business practices at the stock company during the term in office after the candidate was most recently elected (excluding facts that are not material), that fact and a summary of the actions taken by the candidate to prevent the occurrence of the fact and the actions taken in response after the occurrence of the fact;

(v) if the candidate has held office in the past five years as a director, executive officer, or company auditor of another stock company and if the stock company is aware of the fact that there has been a violation of laws and regulations or the articles of incorporation or any other unfair business practices during the term in office at the relevant other stock company, that fact (excluding facts that are not material, and including a summary of the actions taken by the candidate to prevent the occurrence of the fact and the actions taken in response after the occurrence of the fact if the candidate was an outside director or company auditor at the relevant other stock company);

(vi) if the candidate is a person who was not involved in the past in the management of a company (including a foreign company) in any capacity other than serving as an outside director or outside company auditor (limited to an outside officer), the reason why the stock company has determined that the candidate, having no involvement in management, is capable of properly executing the duties as an outside director;

(vii) if the stock company is aware that the candidate falls under any of the following, that fact:

(a) the candidate has been an executive or an officer (excluding an executive; the same applies in (c) and (e), 2.) of the stock company or its subsidiary company in the past;

(b) the candidate is a parent company, etc. (limited to a natural person; the same applies in (b) and (e), 1.) of the stock company, or has been a parent company, etc. of the stock company in the past ten years;

(c) the candidate is an executive or an officer of a specified associated service provider of the stock company, or has been an executive or an officer of a specified

associated service provider (excluding a subsidiary company of the stock company) of the stock company in the past ten years;

(d) the candidate is to receive, or has received in the past two years, a large amount of money or other assets from the stock company or a specified associated service provider of the stock company (excluding remuneration, etc. as their director, accounting advisor, company auditor, executive officer, or any other equivalent person);

(e) the candidate is a spouse or a relative within the third degree of kinship of, or has an equivalent relationship with, any of the following persons (excluding relationships that are not material):

1. a parent company, etc. of the stock company;

2. an executive or an officer of the stock company or a specified associated service provider of the stock company;

(f) if the stock company has succeeded to or accepted transfer of rights and obligations held by another stock company in relation to its business undertakings due to a merger, absorption-type company split, incorporation-type company split, or acceptance of transfer of business (referred to as a "merger, etc." in (f), Article 74-3, paragraph (4), item (vii), (f), and Article 76, paragraph (4), item (vi), (f) in the past two years, the candidate was not an outside director or company auditor of the stock company, and was an executive of the relevant other stock company immediately before the merger, etc.;

(viii) if the candidate is currently an outside director or company auditor of the stock company, the number of years since assuming these offices;

(ix) if the candidate has an opinion related to the statements regarding the matters stated in the preceding items, the content of that opinion.

#### Article 74-2 Deleted

(Proposals Related to the Election of Directors Who Are Audit and Supervisory Committee Members)

Article 74-3 (1) If a director submits a proposal related to the election of a director who is an audit and supervisory committee member, the reference documents for the shareholders meeting must state the following matters:

(i) the name, date of birth, and brief biographical outline of the candidate;

(ii) if there is a special interest between a candidate and the stock company, a summary of that fact;

(iii) if the person has not yet received consent to assume the director position, that fact;

(iv) if the proposal has been submitted following a request under Article 344-2, paragraph (2) of the Act, that fact;

(v) if the director who is an audit and supervisory committee member has an opinion under Article 342-2, paragraph (1) of the Act, a summary of the content of that opinion;

(vi) if a contract under Article 427, paragraph (1) of the Act has been concluded, or is to be concluded, between a candidate and the stock company, a summary of the content of that contract.

(vii) if an indemnity agreement has been concluded, or is to be concluded, between a candidate and the stock company, a summary of the content of that indemnity agreement;

(viii) if an officer, etc. indemnification insurance policy under which a candidate is the insured has been concluded, or is to be concluded, a summary of the content of that officer, etc. indemnification insurance policy.

(2) In the case prescribed in the preceding paragraph, if the stock company is a public company, the reference documents for the shareholders meeting must state the following matters:

(i) the number of shares of the stock company held by a candidate (in the case of a company with class shares, the classes of shares and the number of shares per class);

(ii) if a candidate were to assume office as a director who is an audit and supervisory committee member of the stock company and if a fact exists that falls under an important concurrent holding of positions as prescribed in Article 121, item (viii), that fact;

(iii) if a candidate is currently a director who is an audit and supervisory committee member of the stock company, the position and assignment at the stock company.

(3) In the case prescribed in paragraph (1), if the stock company is a public company and is also a subsidiary company, etc. of another person, the reference documents for the shareholders meeting must state the following matters:

(i) if a candidate is currently the relevant other person (limited to a natural person), that fact;

(ii) if a candidate is currently an executive of the relevant other person (including a subsidiary company, etc. (excluding that stock company) of the relevant other person; the same applies below in this paragraph), the position and assignment at the relevant other person;

(iii) if the stock company is aware that a candidate has been an executive of the relevant other person in the past ten years, the position and assignment at the relevant other person.

(4) In the case prescribed in paragraph (1), if a candidate is a candidate for an outside director, the reference documents for the shareholders meeting must state the following matters (excluding the matters in item (iv) through item (viii) if the stock company is not a public company):

(i) the fact that the candidate is a candidate for an outside director;

(ii) the reason why the candidate is designated as a candidate for an outside director;

(iii) a summary of the role expected to be played by the candidate if elected as an outside director (limited to an outside officer; the same applies below in this paragraph);

(iv) if the candidate is currently an outside director of the stock company, and if there has been a violation of laws and regulations or the articles of incorporation or any other unfair business practices at the stock company during the term in office after the candidate was most recently elected (excluding facts that are not material), that fact and a summary of the actions taken by the candidate to prevent its occurrence and the actions taken in response after the occurrence of the fact;

(v) if the candidate has held office in the past five years as a director, executive officer, or company auditor of another stock company and if the stock company is aware of the fact that there has been a violation of laws and regulations or the articles of incorporation or any other unfair business practices during the term in office at the relevant other stock company, that fact (excluding facts that are not material, and including a summary of the actions taken by the candidate to prevent the occurrence of the fact and the actions taken in response after that occurrence of the fact if the candidate was an outside director or company auditor at the relevant other stock company);

(vi) if the candidate is a person who was not involved in the past in the management of a company (including a foreign company) in any capacity other than serving as an outside director or outside company auditor (limited to an outside officer), the reason why the stock company has determined that the candidate, having no involvement in management, is capable of properly executing the duties as an outside director;

(vii) if the stock company is aware that the candidate falls under any of the following, that fact:

(a) the candidate has been an executive or an officer (excluding an executive; the same applies in (c) and (e), 2.) of the stock company or its subsidiary company in the past;

(b) the candidate is a parent company, etc. (limited to a natural person; the same applies in (b) and (e), 1.) of the stock company, or has been a parent company, etc. of the stock company in the past ten years;

(c) the candidate is an executive or an officer of a specified associated service provider of the stock company, or has been an executive or an officer of a specified associated service provider (excluding a subsidiary company of the stock company) of the stock company in the past ten years;

(d) the candidate is to receive, or has received in the past two years, a large amount of money or other assets from the stock company or a specified associated service provider of the stock company (excluding remuneration, etc. as their director, accounting advisor, company auditor, executive officer, or any other equivalent person);

(e) the candidate is a spouse or a relative within the third degree of kinship of, or has an equivalent relationship with, any of the following persons (excluding relationships that are not material):

1. a parent company, etc. of the stock company;
2. an executive or an officer of the stock company or a specified associated service provider of the stock company;

(f) if the stock company has succeeded to or accepted transfer of rights and obligations held by another stock company in relation to its business undertakings due to a merger, etc. in the past two years, the candidate was not an outside director or company auditor of the stock company, and was an executive of the relevant other stock company immediately before the merger, etc.;

(viii) if the candidate is currently an outside director or director as an audit and supervisory committee member of the stock company, the number of years since assuming these offices;

(ix) if the candidate has an opinion related to the statements regarding the matters stated in the preceding items, the content of that opinion.

(Proposals Related to the Election of Accounting Advisors)

Article 75 If a director submits a proposal related to the election of an accounting advisor, the reference documents for the shareholders meeting must state the following matters:

(i) the matters prescribed in (a) or (b) in accordance with the categories of the cases stated in (a) and (b) below:

(a) if the candidate is a certified public accountant (including a foreign certified public accountant as provided in Article 16-2, paragraph (5) of the Certified Public Accountants Act (Act No. 103 of 1948); the same applies below) or a certified public tax accountant: the candidate's name, the location of their office, their date of birth, and a brief biographical outline;

(b) if the candidate is an audit corporation or a tax accountancy corporation: the candidate's name, the location of their principal office, and the corporate history;

(ii) if the person has not yet received consent to assume the accounting advisor position, that fact;

(iii) if the accounting advisor has an opinion under Article 345, paragraph (1) of the Act, a summary of the content of that opinion;

(iv) if a contract under Article 427, paragraph (1) of the Act has been concluded, or is to be concluded, between a candidate and the stock company, a summary of the content of that contract;

(v) if an indemnity agreement has been concluded, or is to be concluded, between a candidate and the stock company, a summary of the content of that indemnity agreement;

(vi) if an officer, etc. indemnification insurance policy under which a candidate is the insured has been concluded, or is to be concluded, a summary of the content of that officer, etc. indemnification insurance policy;

(vii) if the candidate has been subject to a disposition of the suspension of business within the past two years, among the matters related to that disposition, matters that the stock company has determined appropriate to state in the reference documents for the shareholders meeting.

(Proposals Related to the Election of Company Auditors)

Article 76 (1) If a director submits a proposal related to the election of a company auditor, the reference documents for the shareholders meeting must state the following matters:

(i) the name, date of birth, and brief biographical outline of the candidate;

(ii) if there is a special interest between a candidate and the stock company, a summary of that fact;

(iii) if the person has not yet received consent to assume the auditor position, that fact;

(iv) if the proposal has been submitted following a request under Article 343, paragraph (2) of the Act, that fact;

(v) if the company auditor has an opinion under Article 345, paragraph (1) of the Act, as applied *mutatis mutandis* pursuant to paragraph (4) of that Article, a summary of the content of that opinion;

(vi) if a contract under Article 427, paragraph (1) of the Act has been concluded, or is to be concluded, between a candidate and the stock company, a summary of the content of that contract.

(vii) if an indemnity agreement has been concluded, or is to be concluded, between a candidate and the stock company, a summary of the content of that indemnity agreement;

(viii) if an officer, etc. indemnification insurance policy under which a candidate is the insured has been concluded, or is to be concluded, a summary of the content of that officer, etc. indemnification insurance policy.

(2) In the case prescribed in the preceding paragraph, if the stock company is a public company, the reference documents for the shareholders meeting must state the following matters:

(i) the number of shares of the stock company held by a candidates (in the case of a company with class shares, the classes of shares and the number of shares per class);

(ii) if a candidate were to assume office as a company auditor of the stock company and if a fact exists that falls under an important concurrent holding of positions as prescribed in Article 121, item (viii), that fact;

(iii) if a candidate is currently a company auditor of the stock company, the position at the stock company.

(3) In the case prescribed in paragraph (1), if the stock company is a public company and is also a subsidiary company, etc. of another person, the reference documents for the shareholders meeting must state the following matters:

(i) if a candidate is currently the relevant other person (limited to a natural person), that fact;

(ii) if a candidate is currently an executive of the relevant other person (including a subsidiary company, etc. (excluding that stock company) of the relevant other person; the same applies below in this paragraph), the position and assignment at the relevant other person;

(iii) if the stock company is aware that a candidate has been an executive of the relevant other person in the past ten years, the position and assignment at the relevant other person.

(4) In the case prescribed in paragraph (1), if a candidate is a candidate for an outside company auditor, the reference documents for the shareholders meeting must state the following matters (excluding the matters in items (iii) through (vii) if the stock company is not a public company):

(i) the fact that the candidate is a candidate for an outside company auditor;

(ii) the reason why the candidate is designated as a candidate for an outside company auditor;

(iii) if the candidate is currently an outside company auditor of the stock company (limited to an outside officer; the same applies below in this paragraph), and if there has been a violation of laws and regulations or the articles of incorporation or any other unfair business practices at the stock company during the term in office after the candidate was most recently elected (excluding facts that are not material), that fact and a summary of the actions taken by the candidate to prevent the occurrence of the fact and the actions taken in response after the occurrence of the fact;

(iv) if the candidate has held office in the past five years as a director, executive officer, or company auditor of another stock company and if the stock company is aware of the fact that there has been a violation of laws and regulations or the articles of incorporation or any other unfair business practices during the term in office at the relevant other stock company, that fact (excluding facts that are not material, and including a summary of the actions taken by the candidate to prevent the occurrence of the fact and the actions taken in response after the occurrence of the fact if the candidate was an outside director (limited to an outside officer) or company auditor at the relevant other stock company);

(v) if the candidate is a person who was not involved in the past in the management of a company (including a foreign company) in any capacity other than serving as an outside director or outside company auditor, the reason why the stock company has determined that the candidate, having no involvement in

management, is capable of properly executing duties as an outside company auditor;

(vi) if the stock company is aware that the candidate falls under any of the following, that fact:

(a) the candidate has been an executive or an officer (excluding an executive; the same applies in (c) and (e), 2.) of the stock company or its subsidiary company in the past;

(b) the candidate is a parent company, etc. (limited to a natural person; the same applies in (b) and (e), 1.) of the stock company, or has been a parent company, etc. of the stock company in the past ten years;

(c) the candidate is an executive or an officer of a specified associated service provider of the stock company, or has been an executive or an officer of a specified associated service provider (excluding a subsidiary company of the stock company) of the stock company in the past ten years;

(d) the candidate is to receive, or has received in the past two years, a large amount of money or other assets from the stock company or a specified associated service provider of the stock company (excluding remuneration, etc. as a company auditor);

(e) the candidate is a spouse or a relative within the third degree of kinship of, or has an equivalent relationship with, any of the following persons (excluding relationships that are not material);

1. a parent company, etc. of the stock company;

2. an executive or an officer of the stock company or a specified associated service provider of the stock company;

(f) if the stock company has succeeded to or accepted transfer of rights and obligations held by another stock company in relation to its business undertakings due to a merger, etc. in the past two years, the candidate was not an outside company auditor of the stock company, and was an executive of the relevant other stock company immediately before the merger, etc.;

(vii) if the candidate is currently a company auditor of the stock company, the number of years since assuming the office of company auditor;

(viii) if the candidate has an opinion related to the statements regarding the matters stated in the preceding items, the content of that opinion.

(Proposals Related to the Election of Financial Auditors)

Article 77 If a director submits a proposal related to the election of a financial auditor, the reference documents for the shareholders meeting must state the following matters:

(i) the matters prescribed in (a) or (b) in accordance with the categories of the cases stated in (a) or (b) below:

(a) if the candidate is a certified public accountant: the candidate's name, the location of their office, their date of birth and a brief biographical outline;

(b) if the candidate is an audit corporation: the candidate's name, the location of their principal office, and the corporate history;

(ii) if the person has not yet received consent to assume the financial auditor position, that fact;

(iii) the reason why the company auditor (the board of company auditors in the case of a company with board of company auditors, the audit and supervisory committee in the case of a company with audit and supervisory committee, or the audit committee in the case of a company with nominating committee, etc.) has designated the candidate as a candidate for a financial auditor;

(iv) if the financial auditor has an opinion under Article 345, paragraph (1) of the Act, as applied mutatis mutandis pursuant to paragraph (5) of that Article, a summary of the content of that opinion;

(v) if a contract under Article 427, paragraph (1) of the Act has been concluded, or is to be concluded, between a candidate and the stock company, a summary of that contract;

(vi) if an indemnity agreement has been concluded, or is to be concluded, between a candidate and the stock company, a summary of the content of that indemnity agreement;

(vii) if an officer, etc. indemnification insurance policy under which a candidate is the insured has been concluded, or is to be concluded, a summary of the content of that officer, etc. indemnification insurance policy;

(viii) if the candidate is a person actually subject to a disposition of the suspension of business and the period of that suspension has not yet elapsed, matters related to that disposition;

(ix) if the candidate has been subject to a disposition of the suspension of business within the past two years, among the matters related to that disposition, matters that the stock company has determined appropriate to state in the reference documents for the shareholders meeting;

(x) if the stock company is a public company, and the candidate is to receive, or has received in the past two years, from any of the persons prescribed in (a) or (b) in accordance with the categories of the cases stated in (a) or (b) below, a large amount of money or other economic benefit (excluding remuneration, etc. received from these entities as a financial auditor (including a person equivalent to a financial auditor under laws and regulations other than the Act) and payments for business as provided in Article 2, paragraph (1) of the Certified Public Accountants Act), the content of that benefit:

(a) if the stock company has a parent company, etc.: the stock company, the parent company, etc., or a subsidiary company, etc. (excluding the stock company) or an affiliated company (including an equivalent of an affiliated company if the parent company, etc. is not a company) of the parent company, etc.;

(b) if the stock company has no parent company, etc.: the stock company or a subsidiary company or an affiliated company of the stock company.

### **Division 3 Dismissal of Officers**

(Proposals Related to the Dismissal of a Director)

Article 78 If a director submits a proposal related to the dismissal of a director (if the stock company is a company with audit and supervisory committee, excluding a director who is an audit and supervisory committee member; the same applies in item (i)), the reference documents for the shareholders meeting must state the following matters:

- (i) the name of the director;
- (ii) the reason for dismissal;

(iii) if the stock company is a company with audit and supervisory committee, if the audit and supervisory committee has an opinion under Article 342-2, paragraph (4) of the Act, a summary of the content of that opinion.

(Proposals Related to the Dismissal of a Director Who Is an Audit and Supervisory Committee Member)

Article 78-2 If a director submits a proposal related to the dismissal of a director who is an audit and supervisory committee member, the reference documents for the shareholders meeting must state the following matters:

- (i) the name of the director who is an audit and supervisory committee member;
- (ii) the reason for dismissal;

(iii) if the director who is an audit and supervisory committee member has an opinion under Article 342-2, paragraph (1) of the Act, a summary of the content of that opinion.

(Proposals Related to the Dismissal of Accounting Advisors)

Article 79 If a director submits a proposal related to the dismissal of an accounting advisor, the reference documents for the shareholders meeting must state the following matters:

- (i) the name of the accounting advisor;
- (ii) the reason for dismissal;

(iii) if the accounting advisor has an opinion under Article 345, paragraph (1) of the Act, a summary of the content of that opinion.

(Proposals Related to the Dismissal of Company Auditors)

Article 80 If a director submits a proposal related to the dismissal of a company auditor, the reference documents for the shareholders meeting must state the following matters:

- (i) the name of the company auditor;
- (ii) the reason for dismissal;

(iii) if the company auditor has an opinion under Article 345, paragraph (1) of the Act, as applied mutatis mutandis pursuant to paragraph (4) of that Article, a summary of the content of that opinion.

(Proposals Related to the Dismissal of or Refusal to Reelect Financial Auditors)

Article 81 If a director submits a proposal related to the dismissal of or refusal to reelect a financial auditor, the reference documents for the shareholders meeting must state the following matters:

(i) the name of the financial auditor;

(ii) the reason why the company auditor (the board of company auditors in the case of a company with board of company auditors, the audit and supervisory committee in the case of a company with audit and supervisory committee, or the audit committee in the case of a company with nominating committee, etc.) has determined the content of the proposal;

(iii) if the financial auditor has an opinion under Article 345, paragraph (1) of the Act, as applied mutatis mutandis pursuant to paragraph (5) of that Article, a summary of the content of that opinion.

#### **Division 4 Remuneration of Officers**

(Proposals Related to Remuneration of Directors)

Article 82 (1) If a director submits a proposal related to remuneration, etc. of a director (if the stock company is a company with audit and supervisory committee, excluding a director who is an audit and supervisory committee member; the same applies in this paragraph and paragraph (3)), the reference documents for the shareholders meeting must state the following matters:

(i) the standard for calculation of the matters stated in the items of Article 361, paragraph (1) of the Act;

(ii) if the proposal makes a change to one of the matters stated in the items of Article 361, paragraph (1) of the Act that are already prescribed, the reason for the change;

(iii) if the proposal has a provision regarding two or more directors, the number of directors related to the provision;

(iv) if the proposal relates to a retirement allowance, a brief biographical outline of each retiring director.

(v) if the stock company is a company with audit and supervisory committee, if the audit and supervisory committee has an opinion under Article 361, paragraph (6) of the Act, a summary of the content of that opinion.

(2) In the case prescribed in item (iv) of the preceding paragraph, if the proposal is to leave to the discretion of a director, company auditor, or other third party the determination of the amount of the retirement allowance in accordance with the specified standard, the reference documents for the shareholders meeting must provide a description of the specified standard; provided, however, that this does not apply if appropriate measures are taken to enable each shareholder to know that standard.

(3) In the case prescribed in paragraph (1), if the stock company is a public company and some of the directors are outside directors (excluding audit and

supervisory committee members, and limited to outside officers; the same applies below in this paragraph), the reference documents for the shareholders meeting must state the matters stated in item (i) through item (iii) of paragraph (1) related to outside directors, stating separately directors other than outside directors.

(Proposals Related to Remuneration of Directors Who Are Audit and Supervisory Committee Members)

Article 82-2 (1) If a director submits a proposal related to the remuneration, etc. of a director who is an audit and supervisory committee member, the reference documents for the shareholders meeting must state the following matters:

(i) the standard for calculation of the matters stated in the items of Article 361, paragraph (1) of the Act;

(ii) if the proposal makes a change to one of the matters stated in the items of Article 361, paragraph (1) of the Act that are already prescribed, the reason for the change;

(iii) if the proposal has a provision regarding two or more directors who are audit and supervisory committee members, the number of directors who are audit and supervisory committee members related to the provision;

(iv) if the proposal relates to a retirement allowance, a brief biographical outline of each retiring director who is an audit and supervisory committee member;

(v) if the director who is an audit and supervisory committee member has an opinion under Article 361, paragraph (5) of the Act, a summary of the content of that opinion.

(2) In the case prescribed in item (iv) of the preceding paragraph, if the proposal is to leave to the discretion of a director or other third party the determination of the amount of the retirement allowance in accordance with the specified standard, the reference documents for the shareholders meeting must provide a description of the specified standard; provided, however, that this does not apply if appropriate measures are taken to enable each shareholder to know that standard.

(Proposals Related to Remuneration of Accounting Advisors)

Article 83 (1) If a director submits a proposal related to the remuneration, etc. of an accounting advisor, the reference documents for the shareholders meeting must state the following matters:

(i) the standard for calculation of the matters as provided in Article 379, paragraph (1) of the Act;

(ii) if the proposal makes a change to one of the matters as provided in Article 379, paragraph (1) of the Act that are already prescribed, the reason for the change;

(iii) if the proposal has a provision regarding two or more accounting advisors, the number of accounting advisors related to the provision;

(iv) if the proposal relates to a retirement allowance, a brief biographical outline of each retiring accounting advisor;

(v) if the accounting advisor has an opinion under Article 379, paragraph (3) of the Act, a summary of the content of that opinion.

(2) In the case prescribed in item (iv) of the preceding paragraph, if the proposal is to leave to the discretion of a director, company auditor, or other third party the determination of the amount of the retirement allowance in accordance with the specified standard, the reference documents for the shareholders meeting must provide a description of the specified standard; provided, however, that this does not apply if appropriate measures are taken to enable each shareholder to know that standard.

(Proposals Related to Remuneration of Company Auditors)

Article 84 (1) If a director submits a proposal related to the remuneration, etc. of a company auditor, the reference documents for the shareholders meeting must state the following matters:

(i) the standard for calculation of the matters as provided in Article 387, paragraph (1) of the Act;

(ii) if the proposal makes a change to one of the matters as provided in Article 387, paragraph (1) of the Act that are already prescribed, the reason for the change;

(iii) if the proposal has a provision regarding two or more company auditors, the number of company auditors related to the provision;

(iv) if the proposal relates to a retirement allowance, a brief biographical outline of each retiring company auditor;

(v) if the company auditor has an opinion under Article 387, paragraph (3) of the Act, a summary of the content of that opinion.

(2) In the case prescribed in item (iv) of the preceding paragraph, if the proposal is to leave to the discretion of a director, company auditor, or other third party the determination of the amount of the retirement allowance in accordance with the specified standard, the reference documents for the shareholders meeting must provide a description of the specified standard; provided, however, that this does not apply if appropriate measures are taken to enable each shareholder to know that standard.

(Proposals Related to Granting Retirement Allowances to Officer, etc. Who Received Exemptions from Liability)

Article 84-2 In the cases stated in the following items, if a director submits a proposal related to a resolution for approval as provided in Article 425, paragraph (4) of the Act (including as applied mutatis mutandis pursuant to Article 426, paragraph (8) and Article 427, paragraph (5) of the Act), the reference documents for the shareholders meeting must state the amount as provided in the items of Article 114 obtained by any officer, etc. considered exempt from liability or considered not to bear liability, and the content of matters as provided in the items of Article 115 awarded to the officer, etc.:

(i) if an officer, etc. has been exempted from liability pursuant to the resolution as provided in Article 425, paragraph (1) of the Act;

(ii) if an officer, etc. has been exempted from liability under the articles of incorporation as provided in Article 426, paragraph (1) of the Act;

(iii) if non-executive directors, etc. as provided in Article 427, paragraph (1) of the Act were deemed not to bear liability pursuant to a contract as provided in that paragraph for compensation for damage for the part exceeding the limit as provided in that paragraph.

#### **Division 5 Approval of Accounting Documents**

Article 85 If a director submits a proposal related to approval of accounting documents, in the cases stated below, the reference documents for the shareholders meeting must state the matters prescribed in each of the following items:

(i) if the financial auditor has an opinion under Article 398, paragraph (1) of the Act: a summary of the content of that opinion;

(ii) if the stock company is a company with board of directors, and the board of directors has an opinion: a summary of the content of that opinion.

#### **Division 5-2 Acquisition of Shares Subject to Class-Wide Call**

Article 85-2 If a director submits a proposal related to the acquisition of shares subject to class-wide call, the reference documents for the shareholders meeting must state the following matters:

(i) the reason for carrying out the acquisition of shares subject to class-wide call;

(ii) the content of the matters stated in the items of Article 171, paragraph (1) of the Act;

(iii) if the matters stated in the items of Article 33-2, paragraph (1) (excluding item (iv)) are applicable on the date when the decisions under Article 298, paragraph (1) of the Act are made, a summary of the content of those matters.

#### **Division 5-3 Consolidation of Shares**

Article 85-3 If a director submits a proposal related to the consolidation of shares (meaning the consolidation of shares as provided in Article 182-2, paragraph (1) of the Act; the same applies in Article 93, paragraph (1), item (v), (b)), the reference documents for the shareholders meeting must state the following matters:

(i) the reason for carrying out the consolidation of shares;

(ii) the content of the matters stated in the items of Article 180, paragraph (2) of the Act;

(iii) if the matters stated in Article 33-9, item (i) and item (ii) are applicable on the date when the decisions under Article 298, paragraph (1) of the Act are made, a summary of the content of those matters.

#### **Division 6 Approval of Merger Agreements**

(Proposals Related to the Approval of an Absorption-Type Merger Agreement)

Article 86 If a director submits a proposal related to the approval of an absorption-type merger agreement, the reference documents for the shareholders meeting must state the following matters:

- (i) the reason for carrying out the absorption-type merger;
- (ii) a summary of the content of the absorption-type merger agreement;
- (iii) if the stock company is a stock company disappearing in the absorption-type merger, and the matters stated in the items of Article 182, paragraph (1) (excluding item (v) and item (vi)) are applicable on the date when the decisions under Article 298, paragraph (1) of the Act are made, a summary of the content of those matters;
- (iv) if the stock company is a stock company surviving an absorption-type merger, and the matters stated in the items of Article 191, paragraph (1) (excluding item (vi) and item (vii)) are applicable on the date when the decisions under Article 298, paragraph (1) of the Act are made, a summary of the content of those matters.

(Proposals Related to the Approval of an Absorption-Type Company Split Agreement)

Article 87 If a director submits a proposal related to the approval of an absorption-type company split agreement, the reference documents for the shareholders meeting must state the following matters:

- (i) the reason for carrying out the absorption-type company split;
- (ii) a summary of the content of the absorption-type company split agreement;
- (iii) if the stock company is a stock company splitting in the absorption-type split, and the matters stated in the items of Article 183 (excluding item (ii), item (vi), and item (vii)) are applicable on the date the decisions under Article 298, paragraph (1) of the Act are made, a summary of the content of those matters;
- (iv) if the stock company is a stock company succeeding in the absorption-type split, and the matters stated in the items of Article 192 (excluding item (ii), item (vii) and item (viii)) are applicable on the date when the decisions under Article 298, paragraph (1) of the Act are made, a summary of the content of those matters.

(Proposals Related to the Approval of a Share Exchange Agreement)

Article 88 If a director submits a proposal related to the approval of a share exchange agreement, the reference documents for the shareholders meeting must state the following matters:

- (i) the reason for carrying out the share exchange;
- (ii) a summary of the content of the share exchange agreement;
- (iii) if the stock company is a wholly owned subsidiary company resulting from a share exchange, and the matters stated in the items of Article 184, paragraph (1) (excluding item (v) and item (vi)) are applicable on the date when the decisions under Article 298, paragraph (1) of the Act are made, a summary of the content of the matters;
- (iv) if the stock company is a wholly owning parent stock company resulting from a share exchange, and the matters stated in the items of Article 193 (excluding item

(v) and item (vi)) are applicable on the date when the decisions under Article 298, paragraph (1) of the Act are made, a summary of the content of the matters.

(Proposals Related to the Approval of a Consolidation-Type Merger Agreement)

Article 89 If a director submits a proposal related to the approval of a consolidation-type merger agreement, the reference documents for the shareholders meeting must state the following matters:

(i) the reason for carrying out the consolidation-type merger;

(ii) a summary of the content of the consolidation-type merger agreement;

(iii) if the stock company is a stock company disappearing in the consolidation-type merger, and the matters stated in the items of Article 204 (excluding item (vi) and item (vii)) are applicable on the date when the decisions under Article 298, paragraph (1) of the Act are made, a summary of the content of the matters;

(iv) matters as provided in Article 74 regarding a person who is to become the director of a stock company incorporated in a consolidation-type merger (if the stock company incorporated in a consolidation-type merger is a company with audit and supervisory committee, excluding a director who is to become an audit and supervisory committee member of the stock company incorporated in a consolidation-type merger);

(v) if a stock company incorporated in a consolidation-type merger is a company with audit and supervisory committee, the matters as provided in Article 74-3 regarding a person who is to become a director who is an audit and supervisory committee member of the stock company incorporated in a consolidation-type merger;

(vi) if a stock company incorporated in a consolidation-type merger is a company with accounting advisors, the matters as provided in Article 75 regarding a person who is to become an accounting advisor of the stock company incorporated in the consolidation-type merger;

(vii) if a stock company incorporated in a consolidation-type merger is a company with company auditors (including a stock company the articles of incorporation of which contain provisions that limit the scope of audits by a company auditor to matters related to accounting), the matters as provided in Article 76 regarding a person who is to become a company auditor of the stock company incorporated in the consolidation-type merger;

(viii) if a stock company incorporated in a consolidation-type merger is a company with financial auditors, the matters as provided in Article 77 regarding a person who is to become a financial auditor of the stock company incorporated in the consolidation-type merger.

(Proposals Related to the Approval of an Incorporation-Type Company Split Plan)

Article 90 If a director submits a proposal related to the approval of an incorporation-type company split plan, the reference documents for the shareholders meeting must state the following matters:

(i) the reason for carrying out the incorporation-type company split;  
(ii) a summary of the content of the incorporation-type company split plan;  
(iii) if the stock company is a stock company splitting in the incorporation-type split and the matters stated in the items of Article 205 (excluding item (vii) and item (viii)) are applicable on the date when the decisions under Article 298, paragraph (1) of the Act are made, a summary of the content of the matters.

(Proposals Related to the Approval of a Share Transfer Plan)

Article 91 If a director submits a proposal related to the approval of a share transfer plan, the reference documents for the shareholders meeting must state the following matters:

- (i) the reason for carrying out the share transfer;  
(ii) a summary of the content of the share transfer plan;  
(iii) if the stock company is a wholly owned subsidiary company resulting from a share transfer and the matters stated in the items of Article 206 (excluding item (v) and item (vi)) are applicable on the date when the decisions under Article 298, paragraph (1) of the Act are made, a summary of the content of the matters;  
(iv) the matters as provided in Article 74 regarding a person who is to become the director of a wholly owning parent company incorporated in the share transfer (if the wholly owning parent company incorporated in the share transfer is a company with audit and supervisory committee, excluding a director who is to become an audit and supervisory committee member of the wholly owning parent company incorporated in the share transfer);  
(v) if a wholly owning parent company incorporated in the share transfer is a company with audit and supervisory committee, the matters as provided in Article 74-3 regarding a person who is to become a director who is an audit and supervisory committee member of the wholly owning parent company incorporated in the share transfer;  
(vi) if a wholly owning parent company incorporated in a share transfer is a company with accounting advisors, the matters as provided in Article 75 regarding a person who is to become an accounting advisor of the wholly owning parent company incorporated in the share transfer;  
(vii) if a wholly owning parent company incorporated in a share transfer is a company with company auditors (including a stock company the articles of incorporation of which contain provisions that limit the scope of audits by a company auditor to matters related to accounting), the matters as provided in Article 76 regarding a person who is to become a company auditor of the wholly owning parent company incorporated in the share transfer;  
(viii) if a wholly owning parent company incorporated in a share transfer is a company with financial auditors, the matters as provided in Article 77 regarding a person who is to become a financial auditor of the wholly owning parent company incorporated in the share transfer.

(Proposals Related to the Approval of a Partial Share Exchange Plan)

Article 91-2 If a director submits a proposal related to the approval of a partial share exchange plan, the reference documents for the shareholders meeting must state the following matters:

- (i) the reason for carrying out the partial share exchange;
- (ii) a summary of the content of the partial share exchange plan;
- (iii) if the stock company is a parent company resulting from a partial share exchange, and the matters stated in the items of Article 213-2 (excluding item (vi) and item (vii)) are applicable on the date when the decisions under Article 298, paragraph (1) of the Act are made, a summary of the content of the matters.

(Proposals Related to the Approval of an Agreement on Business Transfers)

Article 92 If a director submits a proposal related to the approval of an agreement for business transfer, etc., the reference documents for the shareholders meeting must state the following matters:

- (i) the reason for carrying out the business transfer, etc.;
- (ii) a summary of the content of the agreement related to the business transfer, etc.;
- (iii) a summary of the matters regarding adequacy of the calculation of the price the stock company is to receive or the price for delivery to the other party to the agreement pursuant to the agreement.

**Division 7 Matters to Be Provided in Shareholder Proposals**

Article 93 (1) If a proposal is related to a submission by a shareholder, the reference documents for the shareholders meeting must state the following matters (if the matters stated in items (iii) through (v) is composed of a large number of characters, symbols, or other marks so that including all of them in the reference documents for a shareholders meeting would not be suitable (including cases where the amount prescribed as suitable for including all of them by the stock company is exceeded), a summary of the matters):

- (i) the fact that the proposal relates to a submission by a shareholder;
- (ii) if a director (in the case of a company with board of directors, the board of directors) has an opinion with respect to a proposal, the content of that opinion;
- (iii) if a shareholder has notified a stock company of the reason for the proposal based on a demand under Article 305, paragraph (1) of the Act (excluding cases in which the reason for the proposal is clearly false or is found to solely serve the purpose of damaging the reputation of or insulting a person), that reason;
- (iv) if a proposal is related to the election of one of the persons stated in (a) through (e) below, when the shareholder has notified the stock company of the matters prescribed in (a) through (e) based on a demand under Article 305, paragraph (1) of the Act (excluding any matters that are clearly false), the content of those matters:

(a) a director (if the stock company is a company with audit and supervisory committee, excluding a director who is an audit and supervisory committee member): the matters as provided in Article 74;

(b) a director who is an audit and supervisory committee member: the matters as provided in Article 74-3;

(c) an accounting advisor: the matters as provided in Article 75;

(d) a company auditor: the matters as provided in Article 76;

(e) a financial auditor: the matters as provided in Article 77;

(v) if a proposal is related to the matters stated in (a) or (b) below, when the shareholder has notified the stock company of the matters prescribed in those items based on a demand under Article 305, paragraph (1) of the Act (excluding any matters that are clearly false), the content of those matters:

(a) acquisition of shares subject to class-wide call: the matters as provided in Article 85-2;

(b) consolidation of shares: the matters as provided in Article 85-3.

(2) If two or more shareholders have submitted proposals with the same purpose, the reference documents for the shareholders meeting need not separately state the proposals and the content of the opinions of the directors (in the case of a company with board of directors, the board of directors) on the proposals; provided, however, that the fact that two or more shareholders have submitted proposals with the same purpose must be stated.

(3) If reasons have been submitted by two or more shareholders for proposals with the same purpose, the reference documents for the shareholders meeting need not separately state the reasons for those proposals.

#### **Division 8 Special Provisions on Statements in Reference Documents for Shareholders Meetings**

Article 94 (1) If measures are taken to make the information related to the matters stated in the reference documents for a shareholders meeting (excluding the matters stated below) available to the shareholders continuously by electronic or magnetic means from the time of dispatch of the notice of calling related to the relevant shareholders meeting until the date on which three months have elapsed from the date of the shareholders meeting (of the methods stated in Article 222, paragraph (1), item (i), (b), limited to those performed by a method using an automatic public transmission server (meaning equipment that has the function to automatically publicly transmit information recorded on the part of the recording media available that is for automatic public transmission use or to input information to the equipment, by being connected to a telecommunications line for public use; the same applies below) connected to the internet; the same applies in paragraph (3)), the matters are deemed to have been provided to shareholders in the reference documents for the shareholders meeting in which the matters are

stated; provided, however, that this is limited to cases where the articles of incorporation contain provisions for taking the measures of this paragraph:

(i) proposals;

(ii) the matters in the case where the matters stated in Article 133, paragraph (3), item (i) of the Act are to be stated in the reference documents for a shareholders meeting;

(iii) the relevant matters to be stated in the reference documents for a shareholders meeting pursuant to the provisions of the following paragraph;

(iv) the matters to be stated in the reference documents for a shareholders meeting (excluding the matters stated in the preceding items) if the company auditor, audit and supervisory committee, or audit committee states an objection with regard to taking the measures of this paragraph with respect to those matters.

(2) In the case of the preceding paragraph, the reference documents for a shareholders meeting provided to the shareholders must state the codes, including characters, symbols, and other marks, or combinations of those characters, symbols, and marks, for identifying on the internet the relevant part of the automatic public transmission server used for the measures of that paragraph that is used for the purposes of implementing the measures, allowing the receiver of information to inspect the content of information and record the information in the files stored on a computer through direct input into the computer used by that receiver.

(3) The provisions of paragraph (1) do not preclude taking measures to also make the information related to the matters stated in the items of that paragraph available to shareholders by electronic or magnetic means.

### **Subsection 3 General Meetings of Class Shareholders**

Article 95 The following provisions apply mutatis mutandis pursuant to the matters prescribed in each of the following items:

(i) Article 63 (excluding item (i)): the matters prescribed by Ministry of Justice Order as provided in Article 298, paragraph (1), item (v) of the Act, as applied mutatis mutandis pursuant to Article 325 of the Act;

(ii) Article 64: the matters prescribed by Ministry of Justice Order as provided in Article 298, paragraph (2) of the Act, as applied mutatis mutandis pursuant to Article 325 of the Act;

(iii) Article 65 and the preceding Subsection: reference documents for a general meeting of class shareholders;

(iv) Article 66: voting forms for a general meeting of class shareholders;

(v) Article 67: the shareholders prescribed by Ministry of Justice Order as provided in Article 308, paragraph (1) of the Act, as applied mutatis mutandis pursuant to Article 325 of the Act;

(vi) Article 69: the time prescribed by Ministry of Justice Order as provided in Article 311, paragraph (1) of the Act, as applied mutatis mutandis pursuant to Article 325 of the Act;

(vii) Article 70: the time prescribed by Ministry of Justice Order as provided in Article 312, paragraph (1) of the Act, as applied mutatis mutandis pursuant to Article 325 of the Act;

(viii) Article 71: the cases prescribed by Ministry of Justice Order as provided in Article 314 of the Act, as applied mutatis mutandis pursuant to Article 325 of the Act;

(ix) Article 72: the preparation of minutes under Article 318, paragraph (1) of the Act, as applied mutatis mutandis pursuant to Article 325 of the Act.

#### **Subsection 4 Measures for Electronic Provision**

(Measures for Electronic Provision)

Article 95-2 The measure prescribed by Ministry of Justice Order as provided in Article 325-2 of the Act is a measure taken by means of using an automatic public transmission server connected to the internet, from among the means stated in Article 222, paragraph (1), (b).

(Matters to Be Provided in the Notice of Calling When Taking Measures for Electronic Provision)

Article 95-3 (1) The matters prescribed by Ministry of Justice Order as provided in Article 325-4, paragraph (2), item (iii) of the Act are as follows:

(i) if measures for electronic provision are taken, the codes, including characters, symbols, and other marks, or combinations of those characters, symbols, and marks, for identifying on the internet the part of the automatic public transmission server used for measures for electronic provision that is used for the purpose of taking measures for electronic provision, allowing the receiver of that information to inspect the content of the information and record the information in the files stored on a computer through direct input into the computer used by the receiver, and other matters necessary for that person to inspect the content of the information and record the information in files stored in the computer;

(ii) in the case as provided in Article 325-3, paragraph (3) of the Act, the codes, including characters, symbols, and other marks, or combinations of those characters, symbols, and marks, for identifying on the internet the information that is made available for public inspection via the internet pursuant to Article 14-12 of the Order for Enforcement of the Financial Instruments and Exchange Act (Cabinet Order No. 321 of 1965) in the procedure referred to in that paragraph, allowing the receiver of that information to inspect the content of the information through direct input into a computer used by the receiver, and other matters necessary for that person to inspect the content of the information.

(2) The matters prescribed by Ministry of Justice Order as provided in Article 325-4, paragraph (2), item (iii) of the Act as applied mutatis mutandis pursuant to Article 325-7 of the Act following the deemed replacement of terms are the matters stated in item (i) of the preceding paragraph.

(Matters that Need Not Be Included in the Document Stating the Matters Subject to Measures for Electronic Provision)

Article 95-4 (1) The matters prescribed by Ministry of Justice Order as provided in Article 325-5, paragraph (3) of the Act are as follows:

(i) the matters to be stated in the reference documents for a shareholders meeting (excluding the following):

(a) proposals;

(b) the matters to be stated in the reference documents for a shareholders meeting (excluding the matters stated in (a)) if the company auditor, audit and supervisory committee, or audit committee states an objection to the matters not being stated, in the document stating the matters subject to measures for electronic provision, those matters;

(ii) the matters stated or recorded in the business report (meaning the business report prescribed in Article 437 of the Act; the same applies below in this item) (excluding the following):

(a) the matters stated in Article 120, paragraph (1), items (v) and (vii), and Article 121, items (i) and (ii), and (iv) through (vi)-3;

(b) the matters stated or recorded in the business report (excluding the matters stated in (a)) if the company auditor, audit and supervisory committee, or audit committee states an objection to the matters not being stated, in the document stating the matters subject to measures for electronic provision, those matters;

(iii) the matters stated or recorded in the financial statements prescribed in Article 437 of the Act;

(iv) the matters stated or recorded in consolidated financial statements prescribed in Article 444, paragraph (6) of the Act.

(2) If all or a part of the matters stated in the following items is not to be included in the document stating the matters subject to measures for electronic provision, the director must notify the shareholders (limited to the shareholders that have the document stating the matters subject to measures for electronic provision delivered; the same applies below in this paragraph) of the matters prescribed in each of the following items:

(i) the matters stated in item (ii) of the preceding paragraph: if the company auditor, audit and supervisory committee, or audit committee requests the director to notify the shareholders that the matters included in the document stating the matters subject to measures for electronic provision (limited to the matters stated or recorded in the business report) is a part of the matters stated or recorded in the business report audited when preparing an audit report, that fact;

(ii) the matters stated in item (iii) of the preceding paragraph: if the company auditor, financial auditor, audit and supervisory committee, or audit committee requests the directors to notify the shareholders that the matters included in the document stating the matters subject to measures for electronic provision (limited

to the matters stated or recorded in financial statements) is a part of the matters stated or recorded in the financial statements audited when preparing an audit report or financial audit report, that fact;

(iii) the matters stated in item (iv) of the preceding paragraph: if the company auditor, financial auditor, audit and supervisory committee, or audit committee requests the directors to notify the shareholders that the matters stated in the document stating the matters subject to measures for electronic provision (limited to the matters stated or recorded in consolidated financial statements) is a part of the matters stated or recorded in the consolidated financial statements audited when preparing an audit report or financial audit report, that fact.

## **Section 2 Election of Company Officers**

(Election of Substitute Company Officers)

Article 96 (1) The election of substitute company officers (excluding executive officers; and in the case of a company with audit and supervisory committee, the election of a directors who are audit and supervisory committee members or other directors, or accounting advisors; the same applies below in this Article) under Article 329, paragraph (3) of the Act is governed by the provisions of this Article.

(2) If a substitute company officer is elected pursuant to a resolution as provided in Article 329, paragraph (3) of the Act, the following matters must also be decided at the time of the election:

- (i) the fact that the candidate is a substitute company officer;
- (ii) if the candidate is elected as a substitute outside director, that fact;
- (iii) if the candidate is elected as a substitute outside company auditor, that fact;
- (iv) if the candidate is elected as a substitute company officer for one special company officer or for two or more special company officers, that fact and the name of the special company officers (in the case of an accounting advisor, their name);
- (v) if two or more substitute company officers are elected as substitutes for the same company officer (if they are elected as substitutes for two or more company officers, the two or more company officers), the priority order for the substitute company officers;
- (vi) if the election is rescinded before a substitute company officer assumes the position, that fact and the procedure followed to rescind the election.

(3) Any resolutions related to the election of a substitute company officer are effective until the start of the first annual shareholders meeting held after the resolution, unless otherwise provided for in the articles of incorporation; provided, however, that this does not preclude any shortening of that period by a resolution of a shareholders meeting (if the substitute company officer is elected by a resolution at a general meeting of class shareholders in accordance with the provisions concerning the matters stated in Article 108, paragraph (1), item (ix) of the Act, the general meeting of class shareholders).

(Election of Directors by Cumulative Vote)

Article 97 (1) The matters to be prescribed by Ministry of Justice Order pursuant to the provisions of Article 342, paragraph (5) of the Act are governed by the provisions of this Article.

(2) If a request has been made under Article 342, paragraph (1) of the Act, a director (the chairperson of the shareholders meeting, if any; or the shareholder making the request, if there is no director or chairperson appointed) must disclose before a resolution of the election of directors (in the case of a company with audit and supervisory committee, directors who are audit and supervisory committee members or other directors; the same applies below in this Article) at a shareholders meeting specified in that paragraph that directors will be elected as provided in Article 342, paragraph (3) through paragraph (5) of the Act.

(3) In the case stated in Article 342, paragraph (4) of the Act, if, in electing directors at a shareholders meeting under paragraph (1) of that Article, it is not possible to reach the number to be determined at the shareholders meeting through the election of the directors in the order of the number of votes obtained by the respective candidates due to the fact that two or more candidates have obtained the same number of votes, the number of directors can be less than the determined number, within the scope of the number to be determined through the election of the directors in the order of the number of votes obtained by the respective candidates.

(4) In the case as provided in the preceding paragraph, the number of directors obtained by subtracting the number of those regarded as having been elected as directors pursuant to the provisions of the preceding paragraph from the number of directors to be elected at a shareholders meeting under Article 342, paragraph (1) of the Act is the number of directors that are to be elected by a resolution of the shareholders meeting, without having to comply with the provisions of paragraph (3) and paragraph (4) of that Article.

### **Section 3 Directors**

(Systems Necessary to Ensure Proper Operations)

Article 98 (1) The systems prescribed by Ministry of Justice Order as provided in Article 348, paragraph (3), item (iv) of the Act are the following systems of the stock company:

(i) systems for the retention and management of information related to the execution of the duties of a director of the stock company;

(ii) rules and other systems related to the management of the risk of loss of the stock company;

(iii) systems to ensure that the duties of a director of the stock company are executed efficiently;

(iv) systems to ensure that the duties of an employee of the stock company are executed in compliance with laws and regulations and the articles of incorporation;

(v) the following systems, and other systems to ensure proper operations in a business group comprised of the stock company and its parent company or subsidiary companies:

(a) systems related to reporting on matters to the stock company regarding the execution of the duties of a director, executive officer, member who executes the operations, person who is to perform the duties under Article 598, paragraph (1) of the Act, and other persons in equivalent positions (referred to as a "director, etc." in (c) and (d)) of a subsidiary company of the stock company;

(b) rules and other systems related to the management of the risk of loss of a subsidiary company of the stock company;

(c) systems to ensure that the duties of a director, etc. of a subsidiary company of the stock company are executed efficiently;

(d) systems to ensure that the duties of a director, etc. or an employee of a subsidiary company of the stock company are executed in compliance with laws and regulations and the articles of incorporation.

(2) If a stock company has two or more directors, the systems as provided in the preceding paragraph are to include systems for ensuring that business decisions are carried out properly.

(3) If a stock company is not a company with company auditor, the systems as provided in paragraph (1) are to include systems for the director to report matters to be reported to the shareholders.

(4) In the case of a company with company auditor (including a stock company the articles of incorporation of which contain provisions that limit the scope of audits by a company auditor to matters related to accounting), the systems as provided in paragraph (1) are to include the following systems:

(i) if a company auditor of the company with company auditor has requested that an employee be appointed to assist with the duties of the auditor, matters related to the employee;

(ii) matters regarding the independence of the employee of the preceding item from the directors of the company with company auditor;

(iii) matters related to ensuring the effectiveness of instructions given by a company auditor of the company with company auditor to the employee specified in item (i);

(iv) the following systems, and other systems related to reporting to the company auditor of the company with company auditor:

(a) systems for the director, accounting advisor, and employee of the company with company auditor to report to the company auditor of the company with company auditor;

(b) systems for the director, accounting advisor, company auditor, executive officer, member who executes the operations, person who is to perform the duties under Article 598, paragraph (1) of the Act, and other persons in equivalent

positions and employee of a subsidiary company of the company with company auditor or person who receives reports from them to report to the company auditor of the company with company auditor;

(v) systems for ensuring that a person who makes a report under the preceding item are not treated disadvantageously due to the fact that it has made the report;

(vi) matters related to policies concerning the procedure for advance payment or reimbursement of expenses that arise in relation to the execution of the duties of the company auditor of the company with company auditor or any other processing of expenses or obligations that arise in relation to the execution of the duties;

(vii) other systems to ensure that audits by the company auditor of the company with company auditors are performed effectively.

(Matters to Be Prescribed with Respect to Stock Company's Shares for Subscription Which Represent Remunerations for Directors)

Article 98-2 The matters prescribed by Ministry of Justice Order as provided in Article 361, paragraph (1), item (iii) of the Act are the following matters related to the shares for subscription referred to in that item:

(i) if a director is asked to promise that it will not transfer the shares for subscription to others until certain grounds arise, that fact and a summary of those certain grounds;

(ii) if a director is asked to promise that it will transfer the shares for subscription to the stock company without charge on the condition of certain grounds arising, that fact and a summary of those certain grounds;

(iii) if conditions other than those stated in the preceding two items are to be prescribed for the allotment of the shares for subscription to a director, a summary of those conditions.

(Matters to Be Prescribed with Respect to the Stock Company's Share Options for Subscription Which Represent Remunerations for Directors)

Article 98-3 The matters prescribed by Ministry of Justice Order as provided in Article 361, paragraph (1), item (iv) of the Act are the following matters related to the share options for subscription referred to in that item:

(i) the matters stated in Article 236, paragraph (1), items (i) through (iv) of the Act (in the case referred to in paragraph (3) of that Article, the matters stated in paragraph (1), items (i), (iii), and (iv) of that Article and the matters stated in the items of paragraph (3) of that Article);

(ii) if it is arranged that a person of a certain status may exercise the share options for subscription, that fact and a summary of the content of that certain status;

(iii) if conditions other than those stated in the preceding two items are to be prescribed for the exercise of the share options for subscription, a summary of those conditions;

(iv) the matters stated in Article 236, paragraph (1), item (vi) of the Act;

(v) a summary of the content of the matters stated in Article 236, paragraph (1), item (vii) of the Act;

(vi) if conditions are to be prescribed for allotting the share options for subscription to directors, a summary of those conditions.

(Matters to Be Prescribed With Respect to Money to Be Allocated for Payments in Exchange for Shares, etc. Which Represents Remunerations for Directors )

Article 98-4 (1) The matters prescribed by Ministry of Justice Order as provided in Article 361, paragraph (1), item (v), (a) of the Act are the following matters related to the shares for subscription referred to in (a) of that item:

(i) if a director is asked to promise that it will not transfer the shares for subscription to others until certain grounds arise, that fact and a summary of those certain grounds;

(ii) if a director is asked to promise that it will transfer the shares for subscription to the stock company without charge on the condition of certain grounds arising, that fact and a summary of those certain grounds;

(iii) if conditions for the delivery of money to be allocated for payments in exchange for the shares for subscription to a director or conditions for the allotment of the shares for subscription to a director are to be prescribed, in addition to the conditions stated in the preceding two items, a summary of those conditions.

(2) The matters prescribed by Ministry of Justice Order as provided in Article 361, paragraph (1), item (v), (b) of the Act are the following matters related to the share options for subscription referred to in (b) of that item:

(i) the matters stated in Article 236, paragraph (1), items (i) through (iv) of the Act (in the case referred to in paragraph (3) of that Article, the matters stated in paragraph (1), items (i), (iii), and (iv) of that Article and the matters stated in the items of paragraph (3) of that Article);

(ii) if it is arranged that a person of a certain status may exercise the share options for subscription, that fact and a summary of the content of that certain status;

(iii) if conditions other than those stated in the preceding two items are to be prescribed for the exercise of the share options for subscription, a summary of those conditions;

(iv) the matters stated in Article 236, paragraph (1), item (vi) of the Act;

(v) a summary of the content of the matters stated in Article 236, paragraph (1), item (vii) of the Act;

(vi) if conditions for the delivery of money to be allocated for payments in exchange for the share options for subscription to directors or conditions for the allotment of the share options for subscription to directors are to be prescribed, a summary of those conditions.

(Policy on Decisions on the Details of the Remunerations for Individual Directors)

Article 98-5 The matters prescribed by Ministry of Justice Order as provided in Article 361 paragraph (7) of the Act are as follows:

(i) the policy on decisions on the amounts of remunerations, etc. (limited to those that are neither the performance-linked remunerations, etc. prescribed in the following item nor the non-monetary remunerations, etc. prescribed in item (iii)) for individual directors (excluding a director who is an audit and supervisory committee member; the same applies below in this Article) or the calculation method;

(ii) if, among the remunerations, etc. for individual directors, there are remunerations, etc. for which the amounts or numbers are calculated based on an index indicating the status of profits, the index indicating the status of the market price of shares, or any other index indicating the performance of the stock company or its associated company (meaning the associated company prescribed in Article 2, paragraph (3), item (xxv) of the Regulations on Corporate Accounting) (that index is referred to below as the "performance index" in this item and Article 121, item (v)-2, and those remunerations, etc. are referred to below as the "performance-linked remunerations, etc." in this Article and Article 121, items (iv) and (v)-2), the content of the performance index related to the performance-linked remunerations, etc. and the policy on decisions on the method for calculating the amounts or numbers for the performance-linked remunerations, etc.;

(iii) if, among the remunerations, etc. for individual directors, there are remunerations, etc. that are not monetary (including the shares for subscription or the share options for subscription if money to be allocated for payments in exchange for those shares for subscription or share options for subscription is going to be used for remunerations, etc. for directors; referred to below as "non-monetary remunerations, etc." in this Article and Article 121, items (iv) and (v)-3), the content of the non-monetary remunerations, etc. and the policy on decisions on the amounts or numbers for the non-monetary remunerations, etc. or the calculation method;

(iv) the policy on decisions on the proportion of the amounts of the remunerations, etc. referred to in item (i), the amounts of performance-linked remunerations, etc., or the amounts of non-monetary remunerations, etc. to the amounts of remunerations, etc. of individual directors;

(v) the policy on decisions on the time or conditions for the payment of remunerations, etc. to directors;

(vi) if all or a part of the decisions on the content of the remunerations, etc. for individual directors are to be delegated to a director or any other third party, the following matters:

(a) the name of the delegated person or that person's position and assignment at the stock company;

(b) the content of the authority delegated to the person referred to in (a);

(c) if a measure is to be taken in order to ensure the adequate exercise of the authority referred to in (b) by the person referred to in (a), the content of that measure;

(vii) the method for determining the details of the remunerations, etc. for individual directors (excluding the matter described in the preceding item);

(viii) in addition to the matters stated in the preceding items, important matters regarding decisions on the details of the remunerations, etc. for individual directors.

#### **Section 4 Boards of Directors**

(Matters Prescribed by the Board of Directors upon Solicitation of Persons to Subscribe for Bonds)

Article 99 (1) The matters prescribed by Ministry of Justice Order as provided in Article 362, paragraph (4), item (v) of the Act are as follows:

(i) if any decisions on the matters stated in the items of Article 676 of the Act in relation to two or more solicitations (meaning the solicitation of Article 676; the same applies below in this Article) are delegated, that fact;

(ii) the upper limit of the total amount of bonds for subscription (in the case as provided in the preceding item, the aggregate total of the upper limit of the total amounts of bonds for subscription related to each solicitation);

(iii) the upper limit of the interest rate on bonds for subscription and an outline of other matters regarding interest rate;

(iv) the minimum amount of the total amount to be paid in for bonds for subscription (meaning the amount to be paid in as provided in Article 676, item (ix) of the Act; the same applies below in this item) and an outline of other matters related to the amount to be paid in.

(2) Notwithstanding the provisions of the preceding paragraph, if any decisions on the matters stated in the items of Article 676 of the Act in relation to the solicitation of trust bonds (limited to those bearing liability for performance of debt obligations related to the trust bonds only with respect to the property that is part of the trust property) are delegated, the matter prescribed by Ministry of Justice Order as provided in Article 362, paragraph (4), item (v) is the fact that those decisions are delegated.

(Systems Necessary to Ensure Proper Operations)

Article 100 (1) The systems prescribed by Ministry of Justice Order as provided in Article 362, paragraph (4), item (vi) of the Act are the following systems of the stock company:

(i) systems for the retention and management of information related to the execution of the duties of a director of the stock company;

(ii) rules and other systems related to the management of the risk of loss of the stock company;

(iii) systems to ensure that the duties of a director of the stock company are executed efficiently;

(iv) systems to ensure that the duties of an employee of the stock company are executed in compliance with laws and regulations and the articles of incorporation;

(v) the following systems, and other systems to ensure proper operations in a business group comprised of the stock company and its parent company or subsidiary companies:

(a) systems related to reporting on matters to the stock company regarding the execution of the duties of a director, executive officer, member who executes the operations, person who is to perform the duties under Article 598, paragraph (1) of the Act, and other persons in equivalent positions (referred to as a "director, etc." in (c) and (d)) of a subsidiary company of the stock company;

(b) rules and other systems related to the management of the risk of loss of a subsidiary company of the stock company;

(c) systems to ensure that the duties of a director, etc. of a subsidiary company of the stock company are executed efficiently;

(d) systems to ensure that the duties of a director, etc. or an employee of a subsidiary company of the stock company are executed in compliance with laws and regulations and the articles of incorporation.

(2) If a stock company is not a company with company auditor, the systems as provided in the preceding paragraph are to include systems for the director to report matters to be reported to the shareholders.

(3) In the case of a company with company auditor (including a stock company for which the articles of incorporation of which contain provisions that limit the scope of audits by a company auditor to matters related to accounting), the systems as provided in paragraph (1) are to include the following systems:

(i) if a company auditor of the company with company auditor has requested that an employee be appointed to assist with the duties of the company auditor, matters related to the employee;

(ii) matters regarding the independence of the employee of the preceding item from the director of the company with company auditor;

(iii) matters related to ensuring the effectiveness of instructions given by a company auditor of the company with company auditor to the employee specified in item (i);

(iv) the following systems, and other systems related to reporting to the company auditor of the company with company auditor:

(a) systems for the director, accounting advisor, and employee of the company with company auditor to report to the company auditor of the company with company auditor;

(b) systems for the director, accounting advisor, company auditor, executive officer, member who executes the operations, person who is to perform the duties

under Article 598, paragraph (1) of the Act, and other persons in equivalent positions, and employee of a subsidiary company of the company with company auditor or person who receives reports from them to report to the company auditor of the company with company auditor;

(v) systems for ensuring that a person who makes a report under the preceding item is not treated disadvantageously due to the fact that it has made the report;

(vi) matters related to policies concerning the procedure for advance payment or reimbursement of expenses that arise in relation to the execution of the duties of the company auditor of the company with company auditor or any other processing of expenses or obligations that arise in relation to the execution of the duties;

(vii) other systems to ensure that audits by the company auditor of the company with company auditor are performed effectively.

(Minutes of Board of Directors Meetings)

Article 101 (1) The preparation of the minutes of board of directors meetings under Article 369, paragraph (3) of the Act is governed by the provisions of this Article.

(2) The minutes of board of directors meeting must be prepared in writing or as electronic or magnetic records.

(3) The minutes of board of directors meeting must include the following matters:

(i) the date, time, and location where the board of directors meeting was held (including the method of the attendance if directors (in the case of a company with audit and supervisory committee, directors who are audit and supervisory committee members or other directors), executive officers, accounting advisors, company auditors, financial auditors, or shareholders not at the place were in attendance the board of directors meeting);

(ii) if the board of directors meeting is the board of directors meeting under Article 373, paragraph (2) of the Act, that fact;

(iii) if the board of directors meeting falls under any of the following, that fact:

(a) the meeting was called in response to a demand of a director under Article 366, paragraph (2) of the Act;

(b) the meeting was called by a director pursuant to the provisions of Article 366, paragraph (3) of the Act;

(c) the meeting was called in response to a demand of a shareholder under Article 367, paragraph (1) of the Act;

(d) the meeting was called by a shareholder pursuant to the provisions of Article 366, paragraph (3) of the Act, as applied mutatis mutandis pursuant to Article 367, paragraph (3) of the Act;

(e) the meeting was called in response to a demand of a company auditor under Article 383, paragraph (2) of the Act;

(f) the meeting was called by a company auditor pursuant to the provisions of Article 383, paragraph (3) of the Act;

(g) the meeting was called by an audit and supervisory committee member appointed by the audit and supervisory committee pursuant to the provisions of Article 399-14 of the Act;

(h) the meeting was called by a person appointed from a nominating committee, etc. pursuant to the provisions of Article 417, paragraph (1) of the Act;

(i) the meeting was called in response to a demand of an executive officer under the first sentence of Article 417, paragraph (2) of the Act;

(j) the meeting was called by an executive officer pursuant to the provisions of the second sentence of Article 417, paragraph (2) of the Act;

(iv) a summary of the progress of the agenda of the board of directors meeting and the results of that meeting;

(v) if a director has a special interest in a matter requiring a resolution, the name of the director;

(vi) if opinions are stated or remarks are made at the board of directors meeting pursuant to the following provisions, a summary of the content of those opinions or remarks:

(a) Article 365, paragraph (2) of the Act (including as applied *mutatis mutandis* pursuant to Article 419, paragraph (2) of the Act);

(b) Article 367, paragraph (4) of the Act;

(c) Article 376, paragraph (1) of the Act;

(d) Article 382 of the Act;

(e) Article 383, paragraph (1) of the Act;

(f) Article 399-4 of the Act;

(g) Article 406 of the Act;

(h) Article 430-2, paragraph (4) of the Act;

(vii) the names of executive officers, accounting advisors, financial auditors, or shareholders in attendance at the board of directors meeting;

(viii) the name of the chairperson of the board of directors meeting, if any.

(4) In the cases stated in the following items, the minutes of the board of directors meeting are to include the matters prescribed in each of the following items:

(i) if a resolution is deemed to have been made at the board of directors meeting pursuant to the provisions of Article 370 of the Act: the following matters:

(a) the content of the matters regarding which a resolution is deemed to have been made at the board of directors meeting;

(b) the name of the director who has proposed the matter in (a);

(c) the date on which the resolution is deemed to have been made at the board of directors meeting;

(d) the name of the director who has performed duties related to the preparation of the minutes;

(ii) if a report to the board of directors is found to be unnecessary pursuant to the provisions of Article 372, paragraph (1) of the Act (including as applied following

the deemed replacement of terms pursuant to the provisions of paragraph (3) of that Article): the following matters:

(a) the content of the matters regarding which a report to the board of directors is found to be unnecessary;

(b) the date on which the report to the board of directors was found to be unnecessary;

(c) the name of the director who has performed duties related to the preparation of the minutes.

### **Section 5 Accounting Advisors**

(Content of Accounting Advisor's Reports)

Article 102 Accounting advisor's report prepared pursuant to the provisions of Article 374, paragraph (1) of the Act must include the following matters:

(i) main matters agreed upon by a company with accounting advisors regarding the performance of duties by an accounting advisor;

(ii) types of accounting documents prepared jointly by a director or executive officer, and accounting advisor;

(iii) the following matters related to accounting policies (meaning the accounting policies as provided in Article 2, paragraph (3), (lxii) of the Regulations on Corporate Accounting) (excluding those of little importance):

(a) the valuation standard and method of valuation of assets;

(b) the method of depreciation of fixed assets;

(c) the recording standard for allowances and provisions;

(d) the recording standard for profits and expenses;

(e) other important basic matters for the preparation of accounting documents;

(iv) types of materials used for the preparation of accounting documents and other processes and methods of preparation of accounting documents;

(v) if the materials as provided in the preceding item fall under the following grounds, that fact and the reason for it:

(a) if the materials were prepared extremely late;

(b) if false statements were made regarding important matters in the materials;

(vi) if materials required for the preparation of accounting documents have not been prepared or have not been appropriately preserved, that fact and the reason for it;

(vii) collection of any report made by the accounting advisor for the preparation of accounting documents and the results of any investigation;

(viii) main matters regarding which the accounting advisor consulted with a director or executive officer during the preparation of accounting documents.

(Keeping of Financial Statements)

Article 103 (1) If an accounting advisor prescribes pursuant to the provisions of Article 378, paragraph (1) of the Act a place for keeping the materials stated in the items of that paragraph (referred to below as "location for keeping the accounting

advisor's report, etc." in this Article), the provisions are governed by the provisions of this Article.

(2) The accounting advisor must prescribe a location for keeping the accounting advisor's report, etc. from among the offices of the certified public accountant or the audit corporation, or the certified public tax accountant or the tax accountancy corporation that is the accounting advisor (if the accounting advisor is a person who works at a tax accountant office of a certified public tax accountant or belongs to a tax accountancy corporation and engages in the business as provided in Article 2, paragraph (3) of the Certified Public Tax Accountant Act (Act No. 237 of 1951) as an assistant to the tax accountant or the tax accountancy corporation pursuant to the provisions of that paragraph, the tax accountant office or an office of the tax accountancy corporation where that person works).

(3) The accounting advisor must prescribe a place that is not the head office or branch office of a company with accounting advisors as the location for keeping the accounting advisor's report, etc.

(4) If the accounting advisor prescribes the location for keeping the accounting advisor's report, etc., it must notify the company with accounting advisors of the location for keeping the accounting advisor's report, etc. without delay.

(Inspection of Financial Statements)

Article 104 The case prescribed by Ministry of Justice Order as provided in Article 378, paragraph (2) of the Act is that outside the business hours of the certified public accountant or the audit corporation, or the certified public tax accountant or the tax accountancy corporation that is the accounting advisor.

### **Section 6 Company Auditors**

(Preparation of Audit Reports)

Article 105 (1) The matters prescribed by Ministry of Justice Order pursuant to the provisions of Article 381, paragraph (1) of the Act are governed by the provisions of this Article.

(2) The company auditor must, in order to properly execute their duties, endeavor to communicate with the following persons and to improve the collection of information and the audit environment. In this case, a director or the board of directors must take care to develop a system necessary for the execution of the duties of the company auditor:

(i) a director, accounting advisor, and employee of the stock company;

(ii) a director, accounting advisor, executive officer, member who executes the operations, person who is to perform the duties under Article 598, paragraph (1) of the Act and other persons in equivalent positions, and employee of a subsidiary company of the stock company;

(iii) others with whom the company auditor needs to communicate in order to properly execute their duties.

(3) The provisions of the preceding paragraph must not be construed as recognizing the creation and maintenance of relationships that carry a risk of the company auditor becoming unable to maintain an attitude of fairness and impartiality and an independent standpoint.

(4) When executing their duties, the company auditor must endeavor to communicate and exchange information with other company auditors of the stock company, and with company auditors and other persons in equivalent positions of the parent company and subsidiary companies of the stock company as needed.

(Items Subject to Investigation by Company Auditors)

Article 106 The items prescribed by Ministry of Justice Order as provided in Article 384 of the Act are electronic or magnetic records and other material.

(Preparation of Audit Reports)

Article 107 (1) The matters prescribed by Ministry of Justice Order pursuant to the provisions of Article 389, paragraph (2) of the Act are governed by the provisions of this Article.

(2) The company auditor must, in order to properly execute their duties, endeavor to communicate with the following persons and to improve the collection of information and the audit environment. In this case, a director or the board of directors must take care to develop a system necessary for the execution of the duties of the company auditor:

(i) a director, accounting advisor, and employee of the stock company;

(ii) a director, accounting advisor, executive officer, member who executes the operations, person who is to perform the duties of Article 598, paragraph (1) of the Act and other persons in equivalent positions, and employee of a subsidiary company of the stock company;

(iii) others with whom the company auditor needs to communicate in order to properly execute their duties.

(3) The provisions of the preceding paragraph must not be construed as recognizing the creation and maintenance of relationships that carry a risk of the company auditor becoming unable to maintain an attitude of fairness and impartiality and an independent standpoint.

(4) When executing their duties, the company auditor must endeavor to communicate and exchange information with other company auditors of the stock company, and with company auditors and other persons in equivalent positions of the parent company and subsidiary companies of the stock company as needed.

(Items Subject to Investigation by Company Auditors Limited by the Scope of Audits)

Article 108 The materials prescribed by Ministry of Justice Order as provided in Article 389, paragraph (3) of the Act are as follows:

(i) accounting documents;

(ii) the following proposals if the proposals are submitted to the shareholders meeting:

(a) a proposal regarding the acquisition of shares of the stock company (limited to the parts related to the total amount of monies, etc. delivered at the time of the acquisition);

(b) a proposal regarding dividends from surplus (limited to the parts related to the total amount of monies, etc. delivered at the time of the division of surplus);

(c) a proposal related to the reduction of the amount of stated capital under Article 447, paragraph (1) of the Act;

(d) a proposal related to the reduction of the amount of reserves under Article 448, paragraph (1) of the Act;

(e) a proposal related to the increase in the amount of stated capital under Article 450, paragraph (1) of the Act;

(f) a proposal related to the increase in the amount of reserves under Article 451, paragraph (1) of the Act;

(g) a proposal related to the appropriation of surplus under Article 452 of the Act;

(iii) the following matters if proposals including those matters are submitted to the shareholders meeting:

(a) matters regarding the increased stated capital and capital reserve under Article 199, paragraph (1), item (v) of the Act;

(b) matters regarding the increased stated capital and capital reserve under Article 236, paragraph (1), item (v) of the Act;

(c) matters regarding the amount of stated capital and reserves under Article 749, paragraph (1), item (ii), (a) of the Act;

(d) matters regarding the amount of stated capital and reserves under Article 753, paragraph (1), item (vi) of the Act;

(e) matters regarding the amount of stated capital and reserves under Article 758, item (iv), (a) of the Act;

(f) matters regarding the amount of stated capital and reserves under Article 763, paragraph (1), item (vi) of the Act;

(g) matters regarding the amount of stated capital and reserves under Article 768, paragraph (1), item (ii), (a) of the Act;

(h) matters regarding the amount of stated capital and reserves under Article 773, paragraph (1), item (v) of the Act;

(i) matters regarding the amount of stated capital and reserves referred to in Article 774-3, paragraph (1), item (iii) of the Act;

(j) matters regarding the amount of stated capital and reserves referred to in Article 774-3, paragraph (1), item (viii), (a) of the Act;

(iv) in addition to what is stated in the preceding three items, matters equivalent to them.

## **Section 7 Boards of Company Auditors**

Article 109 (1) The preparation of the minutes of board of company auditors meeting under Article 393, paragraph (2) of the Act is governed by the provisions of this Article.

(2) The minutes of the board of company auditors meeting must be prepared in writing or as electronic or magnetic records.

(3) The minutes of the board of company auditors meeting must include the following matters:

(i) the date, time, and place where the board of company auditors meeting was held (including the method of the attendance if company auditors, directors, accounting advisors, or financial auditors not at the place were in attendance at the board of company auditors meeting);

(ii) a summary of the progress of the agenda of the board of company auditors meeting and the results of that meeting;

(iii) if opinions are stated or remarks are made at the board of company auditors meeting pursuant to the following provisions, a summary of those opinions or remarks:

(a) Article 357, paragraph (1) of the Act, as applied following the deemed replacement of terms pursuant to the provisions of paragraph (2) of that Article (including as applied mutatis mutandis pursuant to Article 482, paragraph (4) of the Act);

(b) Article 375, paragraph (1) of the Act, as applied following the deemed replacement of terms pursuant to the provisions of paragraph (2) of that Article;

(c) Article 397, paragraph (1) of the Act, as applied following the deemed replacement of terms pursuant to the provisions of paragraph (3) of that Article;

(iv) the names of directors, accounting advisors, and financial auditors in attendance at the board of company auditors meeting;

(v) the name of the chairperson of the board of company auditors meeting, if any.

(4) If a report to the board of company auditors is found to be unnecessary pursuant to the provisions of Article 395 of the Act, the minutes of the board of company auditors meeting are to contain the following matters:

(i) the content of the matters regarding which a report to the board of company auditors is found to be unnecessary;

(ii) the date on which the report to the board of company auditors was found to be unnecessary;

(iii) the name of the company auditor who has performed duties related to the preparation of the minutes.

### **Section 8 Financial Auditors**

Article 110 (1) The matters prescribed by Ministry of Justice Order pursuant to the provisions of the second sentence of Article 396, paragraph (1) of the Act are governed by the provisions of this Article.

(2) The financial auditor must, in order to properly execute their duties, endeavor to communicate with the following persons and to improve the collection of information and the audit environment; provided, however, that this must not be construed as recognizing the creation and maintenance of relationships that carry a risk of the financial auditor becoming unable to maintain an attitude of fairness and impartiality and an independent standpoint:

(i) a director, accounting advisor, and employee of the stock company;

(ii) a director, accounting advisor, executive officer, members who executes the operations, person who is to perform the duties under Article 598, paragraph (1) of the Act and other persons in equivalent positions, and employee of a subsidiary company of the stock company;

(iii) others with whom the financial auditor needs to communicate in order to properly execute their duties.

### **Section 8-2 Audit and Supervisory Committee**

(Items Subject to Reporting by Audit and Supervisory Committee Members)

Article 110-2 The items prescribed by Ministry of Justice Order as provided in Article 399-5 of the Act are electronic or magnetic records and other materials.

(Minutes of Audit and Supervisory Committee Meetings)

Article 110-3 (1) The preparation of the minutes of audit and supervisory committee meeting under Article 399-10, paragraph (3) of the Act is governed by the provisions of this Article.

(2) The minutes of the audit and supervisory committee meeting must be prepared in writing or as electronic or magnetic records.

(3) The minutes of the audit and supervisory committee meeting must include the following matters:

(i) the date, time, and place where the audit and supervisory committee meeting was held (including the method of the attendance if audit and supervisory committee members, directors (excluding those who are audit and supervisory committee members), accounting advisors, or financial auditors not at the place were in attendance at the audit and supervisory committee meeting);

(ii) a summary of the progress of the agenda of the audit and supervisory committee meeting and the results of that meeting;

(iii) if an audit and supervisory committee member has a special interest in a matter requiring a resolution, the name of the audit and supervisory committee member;

(iv) if opinions are stated or remarks are made at the audit and supervisory committee meeting pursuant to the following provisions, a summary of those opinions or remarks:

(a) Article 357, paragraph (1) of the Act, as applied following the deemed replacement of terms pursuant to the provisions of paragraph (3) of that Article;

(b) Article 375, paragraph (1) of the Act, as applied following the deemed replacement of terms pursuant to the provisions of paragraph (3) of that Article;

(c) Article 397, paragraph (1) of the Act, as applied following the deemed replacement of terms pursuant to the provisions of paragraph (4) of that Article;

(v) the names of directors (excluding those who are audit and supervisory committee members), accounting advisors, or financial auditors in attendance at the audit and supervisory committee meeting;

(vi) the name of the chairperson of the audit and supervisory committee meeting, if any.

(4) If a report to the audit and supervisory committee is found to be unnecessary pursuant to the provisions of Article 399-12 of the Act, the minutes of the audit and supervisory committee meeting are to contain the following matters:

(i) the content of the matters regarding which a report to the audit and supervisory committee is found to be unnecessary;

(ii) the date on which the report to the audit and supervisory committee was found to be unnecessary;

(iii) the name of the audit and supervisory committee member who has performed duties related to the preparation of the minutes.

(Systems Necessary to Ensure Proper Operations)

Article 110-4 (1) The matters prescribed by Ministry of Justice Order as provided in Article 399-13, paragraph (1), item (i), (b) of the Act are as follows:

(i) matters related to a director and employee to assist with the duties of the audit and supervisory committee;

(ii) matters regarding the independence of the director and employee of the preceding item from other directors of the stock company (excluding a director who is an audit and supervisory committee member);

(iii) matters related to ensuring the effectiveness of instructions given by the audit and supervisory committee of the stock company to the director and employee specified in item (i);

(iv) the following systems, and other systems related to reporting to the audit and supervisory committee of the stock company:

(a) systems for the director (excluding a director who is an audit and supervisory committee member), accounting advisor, and employee of the stock company to report to the audit and supervisory committee of the stock company;

(b) systems for the director, accounting advisor, company auditor, executive officer, member who executes the operations, person who is to perform the duties under Article 598, paragraph (1) of the Act, and other persons in equivalent positions, and employee of a subsidiary company of the stock company or person who receives reports from them to report to the audit and supervisory committee of the stock company;

(v) systems for ensuring that a person who makes a report under the preceding item is not treated disadvantageously due to the fact it has made the report;

(vi) matters related to policies concerning the procedure for advance payment or reimbursement of expenses that arise in relation to the execution of the duties of the audit and supervisory committee member of the stock company (limited to those related to the execution of the duties of the audit and supervisory committee) or any other processing of expenses or obligations that arise in relation to the execution of those duties;

(vii) other systems to ensure that audits by the audit and supervisory committee of the stock company are performed effectively.

(2) The systems prescribed by Ministry of Justice Order as provided in Article 399-13, paragraph (1), item (i), (c) of the Act are the following systems of the stock company:

(i) systems for the retention and management of information related to the execution of the duties of a director of the stock company;

(ii) rules and other systems related to the management of the risk of loss of the stock company;

(iii) systems to ensure that the duties of a director of the stock company are executed efficiently;

(iv) systems to ensure that the duties of an employee of the stock company are executed in compliance with laws and regulations and the articles of incorporation;

(v) the following systems, and other systems to ensure proper operations in a business group comprised of the stock company and its parent company or subsidiary companies:

(a) systems related to reporting on matters to the stock company regarding the execution of the duties of a director, executive officer, member who executes the operations, person who is to perform the duties under Article 598, paragraph (1) of the Act, and other persons in equivalent positions (referred to as a "director, etc." in (c) and (d)) of a subsidiary company of the stock company;

(b) rules and other systems related to the management of the risk of loss of a subsidiary company of the stock company;

(c) systems to ensure that the duties of a director, etc. of a subsidiary company of the stock company are executed efficiently;

(d) systems to ensure that the duties of a director, etc. or an employee of a subsidiary company of the stock company are executed in compliance with laws and regulations and the articles of incorporation.

(Matters Prescribed by the Board of Directors upon Solicitation of Persons to Subscribe for Bonds)

Article 110-5 (1) The matters prescribed by Ministry of Justice Order as provided in Article 399-13, paragraph (4), item (v) of the Act are as follows:

(i) if any decisions on the matters stated in the items of Article 676 of the Act in relation to two or more solicitations (meaning the solicitation of Article 676; the same applies below in this Article) are delegated, that fact;

(ii) the upper limit of the total amount of bonds for subscription (in the case as provided in the preceding item, the aggregate total of the upper limit of the total amounts of bonds for subscription related to each solicitation);

(iii) the upper limit of the interest rate on bonds for subscription and an outline of other matters regarding interest rate;

(iv) the minimum amount of the total amount to be paid in for bonds for subscription (meaning the amount to be paid in as provided in Article 676, item (ix) of the Act; the same applies below in this item) and an outline of other matters related to the amount to be paid in.

(2) Notwithstanding the provisions of the preceding paragraph, if any decisions on the matters stated in the items of Article 676 of the Act in relation to the solicitation of trust bonds (limited to those bearing liability for performance of debt obligations related to the trust bonds only with respect to the property that is part of the trust property) are delegated, the matter prescribed by Ministry of Justice Order as provided in Article 399-13, paragraph (4), item (v) is the fact that those decisions are delegated.

#### **Section 9 Nominating Committees and Executive Officers**

(Matters to Be Prescribed with Respect to the Stock Company's Shares for Subscription Which Represent Remunerations for Executive Officers, etc.)

Article 111 The matters prescribed by Ministry of Justice Order as provided in Article 409, paragraph (3), item (iii) of the Act are the following matters related to the shares for subscription referred to in that item:

(i) if an executive officer, etc. is asked to promise that they will not transfer the shares for subscription to others until certain grounds arise, that fact and those certain grounds;

(ii) if an executive officer, etc. is asked to promise that they will transfer the shares for subscription to the stock company without charge on the condition of certain grounds arising, that fact and those certain grounds;

(iii) if conditions other than those stated in the preceding two items are to be prescribed for the allotment of the shares for subscription to an executive officer, etc., those conditions.

(Matters to Be Prescribed with Respect to the Stock Company's Share Options for Subscription Which Represent Remunerations for Executive Officers, etc. )

Article 111-2 The matters prescribed by Ministry of Justice Order as provided in Article 409, paragraph (3), item (iv) of the Act are the following matters related to the share options for subscription referred to in that item:

(i) the matters stated in Article 236, paragraph (1), items (i) through (iv) of the Act (in the case referred to in paragraph (3) of that Article (limited to the case as

applied following the deemed replacement of terms pursuant to the provisions of paragraph (4) of that Article; the same applies below in this item), the matters stated in paragraph (1), items (i), (iii), and (iv) of that Article and the matters stated in the items of paragraph (3) of that Article);

(ii) if it is arranged that a person of a certain status may exercise the share options for subscription, that fact and a summary of the content of that certain status;

(iii) if conditions other than those stated in the preceding two items are to be prescribed for the exercise of the share options for subscription, those conditions;

(iv) the matters stated in Article 236, paragraph (1), item (vi) of the Act;

(v) the content of the matters stated in Article 236, paragraph (1), item (vii) of the Act;

(vi) if conditions are to be prescribed for allotting the share options for subscription to an executive officer, etc., those conditions.

(Matters to Be Prescribed With Respect to Money to Be Allocated for Payments in Exchange for Shares, etc. Which Represents Remunerations for Executive Officers, etc.)

Article 111-3 (1) The matters prescribed by Ministry of Justice Order as provided in Article 409, paragraph (3), item (v), (a) of the Act are the following matters related to the shares for subscription referred to in (a) of that item:

(i) if an executive officer, etc. is asked to promise that they will not transfer the shares for subscription to others until certain grounds arise, that fact and those certain grounds;

(ii) if an executive officer, etc. is asked to promise that they will transfer the shares for subscription to the stock company without charge on the condition of certain grounds arising, that fact and those certain grounds;

(iii) if conditions are prescribed for the delivery of money to be allocated for payments in exchange for the shares for subscription to an executive officer, etc. or conditions for the allotment of the shares for subscription to an executive officer, etc. in addition to the conditions stated in the preceding two items, those conditions.

(2) The matters prescribed by Ministry of Justice Order as provided in Article 409, paragraph (3), item (v), (b) of the Act are the following matters related to the share options for subscription referred to in (b) of that item:

(i) the matters stated in Article 236, paragraph (1), items (i) through (iv) of the Act (in the case referred to in paragraph (3) of that Article (limited to the case as applied following the deemed replacement of terms pursuant to the provisions of paragraph (4) of that Article; the same applies below in this item), the matters stated in paragraph (1), items (i), (iii), and (iv) of that Article and the matters stated in the items of paragraph (3) of that Article);

(ii) if it is arranged that a person of a certain status may exercise the share options for subscription, that fact and a summary of the content of that certain status;

(iii) if conditions other than those stated in the preceding two items are to be prescribed for the exercise of the share options for subscription, those conditions;

(iv) the matters stated in Article 236, paragraph (1), item (vi) of the Act;

(v) the content of the matters stated in Article 236, paragraph (1), item (vii) of the Act;

(vi) if conditions are prescribed for the delivery of money to be allocated to payments in exchange for the share options for subscription to an executive officer, etc. or conditions for the allotment of the share options for subscription to an executive officer, etc., those conditions.

(Minutes of Nominating Committee Meetings)

Article 111-4 (1) The preparation of minutes of nominating committee, etc. meeting under Article 412, paragraph (3) of the Act is governed by the provisions of this Article.

(2) The minutes of nominating committee, etc. meeting must be prepared in writing or as electronic or magnetic records.

(3) The minutes of nominating committee, etc. meeting must include the following matters:

(i) the time, date, and place where the nominating committee, etc. meeting was held (including the method of the attendance if directors, executive officers, accounting advisors, or financial auditors not at the place were in attendance at the nominating committee, etc. meeting);

(ii) a summary of the progress of the agenda of the nominating committee, etc. meeting and the results of that meeting;

(iii) if a committee member has a special interest in a matter requiring a resolution, the name of the committee member;

(iv) if the nominating committee, etc. is the audit committee, and the following opinions are stated or remarks are made, a summary of those opinions or remarks:

(a) opinions stated and remarks made at an audit committee meeting pursuant to the provisions of Article 375, paragraph (1) of the Act, as applied following the deemed replacement of terms pursuant to the provisions of paragraph (4) of that Article;

(b) opinions stated and remarks made at an audit committee meeting pursuant to the provisions of Article 397, paragraph (1) of the Act, as applied following the deemed replacement of terms pursuant to the provisions of paragraph (5) of that Article;

(c) opinions and remarks related to a report to the audit committee member that was made at the audit committee if that report was made pursuant to the provisions of Article 419, paragraph (1) of the Act;

(v) the names of directors (excluding those who are members of the nominating committee, etc.) executive officers, accounting advisors, or financial auditors in attendance at the nominating committee, etc. meeting;

(vi) the name of the chairperson of the nominating committee, etc. meeting, if any.

(4) If a report to the nominating committee, etc. is found to be unnecessary pursuant to the provisions of Article 414 of the Act, the minutes of the nominating committee, etc. meeting are to contain the following matters:

(i) the content of the matters regarding which a report to the nominating committee, etc. is found to be unnecessary;

(ii) the date on which the report to the nominating committee, etc. was found to be unnecessary;

(iii) the name of the committee member who has performed duties related to the preparation of the minutes.

(Systems Necessary to Ensure Proper Operations)

Article 112 (1) The matters prescribed by Ministry of Justice Order as provided in Article 416, paragraph (1), item (i), (b) of the Act are as follows:

(i) matters related to a director and employee to assist with the duties of the audit committee of the stock company;

(ii) matters regarding the independence of the director and employee of the preceding item from the executive officer of the stock company;

(iii) matters related to ensuring the effectiveness of instructions given by the audit committee of the stock company to the director and employee specified in item (i);

(iv) the following systems and other systems related to reporting to the audit committee of the stock company:

(a) systems for the director (excluding a director who is an audit committee member), executive officer, accounting advisor, and employee of the stock company to report to the audit committee of the stock company;

(b) systems for the director, accounting advisor, company auditor, executive officer, member who executes the operations, person who is to perform the duties under Article 598, paragraph (1) of the Act, and other persons in equivalent positions, and employee of a subsidiary company of the stock company or person who receives reports from them to report to the audit committee of the stock company;

(v) systems for ensuring that a person who makes a report under the preceding item are not treated disadvantageously due to the fact that it has made the report;

(vi) matters related to policies concerning the procedure for advance payment or reimbursement of expenses that arise in relation to the execution of the duties of the audit committee member of the stock company (limited to those related to the execution of the duties of the audit committee) or any other processing of expenses or obligations that arise in relation to the execution of those duties;

(vii) other systems to ensure that audits by the audit committee of the stock company are performed effectively.

(2) The systems prescribed by Ministry of Justice Order as provided in Article 416, paragraph (1), item (i), (e) of the Act are the following systems of the stock company:

(i) systems for the retention and management of information related to the execution of the duties of an executive officer of the stock company;

(ii) rules and other systems related to the management of the risk of loss of the stock company;

(iii) systems to ensure that the duties of an executive officer of the stock company are executed efficiently;

(iv) systems to ensure that the duties of an employee of the stock company are executed in compliance with laws and regulations and the articles of incorporation;

(v) the following systems, and other systems to ensure proper operations in a business group comprised of the stock company and its parent company or subsidiary companies:

(a) systems related to reporting on matters to the stock company regarding the execution of the duties of a director, executive officer, member who executes the operations, person who is to perform the duties under Article 598, paragraph (1) of the Act, and other persons in equivalent positions (referred to as a "director, etc." in (c) and (d)) of a subsidiary company of the stock company;

(b) rules and other systems related to the management of the risk of loss of a subsidiary company of the stock company;

(c) systems to ensure that the duties of a director, etc. of a subsidiary company of the stock company are executed efficiently;

(d) systems to ensure that the duties of a director, etc. or an employee of a subsidiary company of the stock company are executed in compliance with laws and regulations and the articles of incorporation.

### **Section 10 Liability of Officer, etc. for Damages**

(Method for Calculating the Amount of Remuneration)

Article 113 The amount calculated using the method prescribed by Ministry of Justice Order as provided in Article 425, paragraph (1), item (i) of the Act is the total of the following amounts:

(i) the greatest amount of the total amounts (limited to a business year including one of the dates prescribed in (a) through (c) below and each prior business year, in accordance with the categories of the cases stated in (a) through (c) below) (if the period of the business year is not one year, the amount when the total amount is converted to the amount per one year) of the economic benefits for each business year that an officer, etc. receives or is to receive from a stock company as remuneration, bonuses, and other consideration for performance of duties while they are in office (excluding the benefits prescribed in the following item) (including

remuneration, bonuses, and other consideration for performance of duties as a director, executive officer, manager, or other employee if the officer, etc. concurrently acts as a director, executive officer, manager, or other employee of the stock company):

(a) if a resolution is made at a shareholders meeting under Article 425, paragraph (1) of the Act: the date of the resolution at the shareholders meeting (if a stock company has an ultimate, wholly owning parent company, etc., and the liabilities to be exempted pursuant to the provisions of the paragraph are specific liabilities, the shareholders meeting of the stock company);

(b) if consent is given for exemption from liability under the provisions of the articles of incorporation under Article 426, paragraph (1) of the Act (in the case of a company with board of directors, a resolution of the board of directors; the same applies in (b)): the date on which consent was given;

(c) if a contract under Article 427, paragraph (1) of the Act is concluded: the date on which the fact that serves as the cause for liability occurred (in the case of two or more dates, the latest date);

(i) the amount obtained by dividing the amount stated in (a) by the number stated in (b):

(a) the total of the following amounts:

1. the amount of retirement allowance received by the officer, etc. from the stock company;

2. if the officer, etc. concurrently acted as a director, executive officer, manager, or other employee of the stock company, from the amount of the retirement allowance as the director, executive officer, or of the severance pay as the manager, or other employee, the amount corresponding to the part of consideration for performance of duties for the period during which that officer, etc. concurrently acted as an officer, etc.;

3. the amount of any economic benefits having the nature described in 1. or 2.;

(b) the number of years the officer, etc. held the position with those duties (for the officer, etc. who falls under the following categories, and if the number prescribed below exceeds the number of years, the number prescribed below):

1. a representative director or representative executive officer: 6;

2. a director other than a representative director (limited to a director who is an executive director, etc.) or an executive officer other than a representative executive officer: 4;

3. a director (excluding the directors specified in 1. and 2.), accounting advisor, company auditor, or financial auditor: 2.

(Share Options Other than Those Representing Consideration for Performance of Duties Received under Especially Favorable Conditions)

Article 114 The amount calculated with the method prescribed by Ministry of Justice Order as provided in Article 425, paragraph (1), item (ii) of the Act is the

amount prescribed in each of the following items, in accordance with the categories of cases stated below:

(i) if the officer, etc. exercises the share options after assuming office (excluding the share options received by the officer, etc. from the stock company as consideration for performance of duty; the same applies below in this Article): the amount obtained by multiplying the amount stated in (a) minus the amount stated in (b) (if the amount obtained is less than zero, then zero) by the number of shares of the stock company which were delivered to the officer, etc. by execution of the share options:

(a) market value per share of the shares at the time of execution of the share options;

(b) the value under Article 236, paragraph (1), item (ii) of the Act for the share options, and the amount per one share which is the objective of the share options of the total amount to be paid in under Article 238, paragraph (1), item (iii) of the Act;

(ii) if the officer, etc. transfers the share options after assuming office: the amount obtained by subtracting the amount to be paid in of Article 238, paragraph (1), item (iii) of the Act from the transfer price of the share options multiplied by the number of the share options.

(Retirement Allowance Received after a Resolution of Exemption from Liability)

Article 115 The economic benefit prescribed in Ministry of Justice Order as provided in Article 425, paragraph (4) of the Act (including as applied mutatis mutandis pursuant to Article 426, paragraph (8) and Article 427, paragraph (5) of the Act) is the following:

(i) retirement allowance;

(ii) if the officer, etc. concurrently acted as a director or executive officer of the stock company, the retirement allowance as the director or executive officer;

(iii) if the officer, etc. concurrently acted as a manager or other employee of the stock company, from the severance pay as the manager or other employee, the amount corresponding to the part of consideration for performance of duty for the period of concurrently acting as the officer, etc.;

(iv) the amount of any economic benefits having the nature of those described in the preceding three items.

### **Section 11 Insurance Policies Concluded for the Benefit of Officers**

Article 115-2 The policies prescribed by Ministry of Justice Order as provided in Article 430-3, paragraph (1) of the Act are as follows:

(i) an insurance policy under which the insureds include a stock company that concludes an insurance policy with the insurer, and which is concluded for the main purpose of the insurer compensating for any loss or damage that may be incurred by the stock company as a result of the stock company assuming liability to compensate for any loss or damage caused to a third party in connection with its business or the stock company becoming subject to a claim filed for the liability;

(ii) an insurance policy concluded for the main purpose of the insurer compensating for any loss or damage that may be incurred by an officer, etc. as a result of the officer, etc. assuming liability to compensate for any loss or damage caused to a third party or the officer, etc. becoming subject to a claim filed for such liability (excluding any loss or damage that may be incurred by an officer, etc. as a result of the officer, etc. assuming liability to compensate for any loss or damage caused to a third party or the officer, etc. becoming subject to a claim filed for such liability due to breaching the obligations in the course of duty, or neglecting the duty of the officer, etc.).

## **Chapter V Accounting**

### **Section 1 Accounting Documents**

Article 116 The matters to be prescribed by Ministry of Justice Order as stated in the following provisions are governed by the Regulations on Corporate Accounting (excluding matters related to a business report and any detailed statements annexed to the report):

- (i) Article 432, paragraph (1) of the Act;
- (ii) Article 435, paragraph (1) and paragraph (2) of the Act;
- (iii) Article 436, paragraph (1) and paragraph (2) of the Act;
- (iv) Article 437 of the Act;
- (v) Article 439 of the Act;
- (vi) Article 440, paragraph (1) and paragraph (3) of the Act;
- (vii) Article 441, paragraph (1), paragraph (2), and paragraph (4) of the Act;
- (viii) Article 444, paragraph (1), paragraph (4), and paragraph (6) of the Act;
- (ix) Article 445, paragraphs (4) through (6) of the Act;
- (x) Article 446, item (i), (e) and item (vii) of the Act;
- (xi) Article 452 of the Act;
- (xii) Article 459, paragraph (2) of the Act;
- (xiii) Article 460, paragraph (2) of the Act;
- (xiv) Article 461, paragraph (2) item (ii), (a), item (v), and item (vi) of the Act;
- (xv) Article 462, paragraph (1) of the Act.

### **Section 2 Business Reports**

#### **Subsection 1 General Rules**

Article 117 The matters to be prescribed by Ministry of Justice Order as stated in the following items are governed by the provisions prescribed in each of those items (limited to a business report and any detailed statements annexed to the report); provided, however, that this does not apply if otherwise provided in other laws and regulations:

- (i) Article 435, paragraph (2) of the Act: the following Subsection;
- (ii) Article 436, paragraph (1) and paragraph (2) of the Act: Subsection 3;
- (iii) Article 437 of the Act: Subsection 4.

#### **Subsection 2 Content of Business Reports**

## Division 1 General Rules

Article 118 A business report must contain the following matters:

(i) important matters regarding the status of the stock company (excluding the matters included in financial statements and any detailed statements annexed to those statements, and in consolidated financial statements);

(ii) if a decision or resolution exists in regard to the development of the systems as provided in Article 348, paragraph (3), item (iv), Article 362, paragraph (4), item (vi), Article 399-13, paragraph (1), item (i), (b) and (c), and Article 416, paragraph (1), item (i), (b) and (e) of the Act, a summary of the content of that decision or resolution and an outline of the operation of the systems;

(iii) if a stock company has prescribed basic policies regarding the way a person is to control decisions on financial and business policies of the stock company (referred to as "basic policies" below in this item), the following matters:

(a) a summary of the content of the basic policies;

(b) a summary of concrete content of the following efforts:

1. special efforts contributing to the effective utilization of the assets of the stock company, the formation of a suitable business group, and other efforts contributing to the implementation of the basic policies;

2. efforts to prevent decisions on financial and business policies of the stock company from being controlled by an unsuitable person in relation to the basic policies;

(c) the judgment of the director (in the case of a company with board of directors, the board of directors) of the stock company regarding pertinence of the efforts in (b) to the following requirements, and the reasons for that judgment (excluding any reasons that are only related to whether or not the company has outside officers):

1. the effort is consistent with the basic policies;

2. the effort does not harm the common interests of the shareholders of the stock company;

3. the effort does not aim to secure the positions of company officers of the stock company;

(iv) if the stock company (excluding a stock company that has a wholly owning parent company, etc. as of the last day of the relevant business year) has a specified wholly owned subsidiary company (meaning one of the stock company's wholly owned subsidiary companies, etc. (including a corporation that is deemed to be that wholly owned subsidiary company, etc. pursuant to the provisions of Article 847-3, paragraph (3) of the Act; the same applies below in this item) (limited to a stock company) if the book value of the shares of the wholly owned subsidiary company, etc. held by the stock company and its wholly owned subsidiary companies, etc. exceeds one-fifth (if a proportion less than one-fifth is prescribed in the articles of incorporation pursuant to the provisions of Article 847-3, paragraph (4) of the Act, that proportion) of the total sum of the amounts recorded in the section on assets of

the balance sheet of the stock company for the relevant business year as of the last day of the relevant business year; the same applies below in this item), as follows:

(a) the name and address of the specified wholly owned subsidiary company;

(b) the total sum of the book value of the shares of the specified wholly owned subsidiary company held by the stock company and its wholly owned subsidiary company, etc. as of the last day of the relevant business year;

(c) the total sum of the amounts recorded in the section on assets of the balance sheet of the stock company for the relevant business year;

(v) if there are any transactions between the stock company and its parent company, etc. (including any transactions between the stock company and a third party that result in a conflict of interest between the stock company and its parent company, etc.) that require the notes prescribed in Article 112, paragraph (1) of the Regulations on Corporate Accounting to be included in the tables of explanatory notes on the unconsolidated financial statements of the stock company for the relevant business year (excluding any transactions for which the matters stated in items (iv) through (vi) and (viii) of that paragraph are to be omitted pursuant to the proviso to the paragraph), the following matters related to the transaction:

(a) matters to be given due consideration so as not to harm the interests of the stock company in carrying out the transactions (if those matters do not exist, those facts);

(b) the judgment of the director of the stock company (in the case of a company with board of directors, the board of directors; the same applies in (c)) related to whether or not the transaction harms the interests of the stock company, and the reason for that judgment;

(c) in the case of a stock company which has a outside director, if the judgment of the board of directors under (b) differs from the opinion of the outside director, that opinion.

## **Division 2 Content of Business Reports by Public Companies**

(Special Provisions on Public Companies)

Article 119 If a stock company is a public company on the last day of the business year, the following matters must be included in the business report:

(i) matters regarding the current status of the stock company;

(ii) matters regarding the stock company's officers;

(ii)-2 matters regarding the officer, etc. indemnification insurance policy of the stock company;

(iii) matters regarding the stock company's shares;

(iv) matters regarding the stock company's share options, etc.

(Matters Regarding the Current Status of the Stock Company)

Article 120 (1) The "matters regarding the current status of the stock company" as provided in item (i) of the preceding Article are the following matters (if the business undertakings of the stock company are divided into two or more divisions,

the matters categorized by division, except if categorizing these by division is too difficult):

(i) the content of the major business undertakings on the last day of the business year;

(ii) the status of important business offices, factories, and employees on the last day of the business year;

(iii) if there are any major lenders on the last day of the business year, those lenders and the amount of borrowings;

(iv) the progress of business and business results for the business year;

(v) the status of the following matters for the business year (limited to important matters):

(a) procurement of funds;

(b) facilities and equipment investment;

(c) transfers of business, absorption-type company splits or incorporation-type company splits;

(d) acceptance of a transfer of business from other companies (including foreign companies);

(e) succession to rights and obligations for business undertakings of another corporation, etc. through an absorption-type merger (including a merger with an entity other than a company (limited to cases where the stock company survives the merger)) or an absorption-type company split;

(f) acquisition or disposal of shares or other equity interests or share options, etc. in other companies (including foreign companies);

(vi) status of property and profits and losses for the immediately preceding three business years (in the case of a stock company for which three business years have not been completed on the last day of the business year, each business year since incorporation);

(vii) status of the parent company and significant subsidiary companies (if an agreement, etc. on the important financial and business policies of the stock company exists between the parent company and the stock company, including a summary of that agreement, etc.);

(viii) problems to be dealt with;

(ix) in addition to what is prescribed in the preceding items, important matters regarding the current status of the stock company.

(2) When the stock company prepares consolidated financial statements for a business year, the matters stated in the items of the preceding paragraph may be included as matters regarding the current status of the business group comprised of the stock company and its subsidiary companies. In this case, if the matters are part of the content of the consolidated financial statements, they need not be included in the business report.

(3) Regarding the matters stated in paragraph (1), item (vi), if, in the business year, the matters in a past business year (meaning information to be included in the balance sheet, profit-and-loss statement, or statement in fluctuation in shareholders' equity, etc. for a business year before that business year) differ from the matters approved or reported upon at the annual shareholders meeting for a business year before that business year because of a change in accounting policies or based on other justifiable grounds, considering the matters to reflect the amended matters in a past business year is not precluded.

(Matters Regarding Stock Company Officers)

Article 121 The "matters regarding the stock company officers" as provided in Article 119, item (ii) are as follows; provided, however, that a stock company that is a company with a board of company auditors (limited to one that is a public company and a large company) that is required to submit a securities report to the Prime Minister with respect to shares it issues pursuant to the provisions of Article 24, paragraph (1) of the Financial Instruments and Exchange Act, not a company with an audit and supervisory committee, and not a company with a nominating committee, etc. on the last day of the business year may omit the matter listed in item (vi)-2:

(i) name (in the case of accounting advisor, personal name or company name) of the company officer (limited to those in office on or after the date that follows the date of conclusion of the immediately preceding annual shareholders meeting; the same applies in the following item through item (iii)-2 and items (viii) and (ix), and in Article 128, paragraph (2));

(ii) position and assignment of the company officer;

(iii) if a contract under Article 427, paragraph (1) of the Act has been concluded between the company officer (limited to a director or a company auditor; the same applies below in this item) and the stock company, a summary of the content of the contract (if measures are taken so that proper execution of duties of the company officer will not be impaired by the contract, including the content of those measures);

(iii)-2 if an indemnity agreement has been concluded between the company officer (limited to a director, a company auditor, or an executive officer; the same applies below in this item) and the stock company, the following matters:

(a) the name of the company officer;

(b) a summary of the content of indemnity agreement (if measures are taken so that proper execution of duties of the company officer will not be impaired by the indemnity agreement, including the content of those measures);

(iii)-3 if the stock company compensates for the expenses stated in Article 430-2, paragraph (1), item (i) of the Act under the indemnity agreement with regard to a company officer (limited to a director, a company auditor, or an executive officer, and including persons who retired by the last day of the business year preceding the

relevant business year; the same applies below in this item and the following item), and the stock company learns in the relevant business year that the company officer has violated the provisions of a law or regulation or bears liability with regard to the execution of the duties referred to in that item, that fact;

(iii)-4 if the stock company compensates for the loss stated in Article 430-2, paragraph (1), item (ii) of the Act under the indemnity agreement with regard to a company officer, that fact and the compensation amount;

(iv) the matters prescribed in (a) through (c) below, in accordance with the categories of the cases stated in (a) through (c), regarding the remuneration of company officers for the business year:

(a) if the total amount of remuneration, etc. (if the remuneration, etc. includes performance-linked remunerations, etc. or non-monetary remunerations, etc., the total amount of the performance-linked remunerations, etc., the total amount of the non-monetary remunerations, etc., and the total amount of any other remuneration, etc.; the same applies in (a) and (c) and Article 124, item (v), (a) and (c)) is listed for each director (in the case of a company with an audit and supervisory committee, a director who is an audit and supervisory committee member or other director; the same applies in (a) and (c)), accounting advisor, company auditor or executive officer for all company officers: the total amount of remuneration, etc. for each director, accounting advisor, company auditor or executive officer and the number of officers;

(b) if the amount of remuneration, etc. (if the remuneration, etc. includes performance-linked remunerations, etc. or non-monetary remunerations, etc., the total amount of the performance-linked remunerations, etc., the total amount of the non-monetary remunerations, etc., and the total amount of any other remuneration, etc.; the same applies in (b) and (c) and Article 124, item (v), (b) and (c)) is listed for each individual company officer for all company officers: the amount of remuneration, etc. for each company officer;

(c) if the amount of remuneration, etc. is listed for some of the company officers and for each of those officers separately: the amount of remuneration, etc. for each company officer, and for other company officers, the total amount of remuneration, etc. for each director, accounting advisor, company auditor or executive officer and the number of those officers;

(v) regarding the remuneration, etc. of a company officer for which the amount received or the estimated amount to be received in the relevant business year has become evident (excluding any remuneration, etc. considered to be part of a business report for the business year pursuant to the provisions of the preceding item, and remuneration, etc. considered to have been part of a business report for a business year preceding the business year), the matters prescribed in (a) through (c) of that item, in accordance with the categories of the cases stated in (a) through (c);

(v)-2 if all or a part of the remunerations, etc. of company officers referred to in the preceding two items are performance-linked remunerations, etc., the following matters:

(a) the content of the performance index selected as the basis for the calculation of the amount or number of the performance-linked remunerations, etc., and the reason for selecting that performance index;

(b) the method for the calculation of the amount or number of the performance-linked remunerations, etc.;

(c) the results concerning the performance index referred to in (a) that was used for the calculation of the amount or number of the performance-linked remunerations, etc.;

(v)-3 if all or a part of the remunerations, etc. of company officers referred to in items (iv) and (v) are non-monetary remunerations, etc., the content of the non-monetary remunerations, etc.;

(v)-4 the following matters regarding the provisions of the articles of incorporation or provisions made by a resolution of the shareholders meeting with regard to remuneration, etc. of company officers:

(a) the date of establishment of the provisions of the articles of incorporation or the date of the resolution of the shareholders meeting;

(b) a summary of the content of the provisions;

(c) the number of company officers related to the provisions;

(vi) if the policy referred to in Article 361, paragraph (7) of the Act or the policy referred to in Article 409, paragraph (1) of the Act has been prescribed, the following matters:

(a) the method for determining the policy;

(b) a summary of the content of the policy;

(c) the reason why the board of directors (in the case of a company with a nominating committee, etc., the compensation committee) determined that the remunerations, etc. for individual directors (excluding directors who are audit and supervisory committee members; in the case of a company with a nominating committee, etc., executive officers, etc.) for the relevant business year are consistent with the policy;

(vi)-2 if a policy has been prescribed in relation to a decision on the amount of remuneration, etc. for each company officer or on the method of calculating that amount, the manner in which the policy was determined and a summary of the content of that policy;

(vi)-3 if the stock company is a company with a board of directors (excluding a company with a nominating committee, etc.) as of the last day of the relevant business year, and a director or any other third party who has been delegated by the board of directors has determined all or a part of the remunerations, etc. for

individual directors (excluding directors who are audit and supervisory committee members) for the relevant business year, that fact and the following matters:

(a) the name of the delegated person and that person's position and assignment at the stock company as of the date on which the content was determined;

(b) the content of the authority delegated to the person referred to in (a);

(c) the reason for delegating the authority referred to in (b) to the person referred to in (a);

(d) if a measure has been taken in order to ensure the adequate exercise of the authority referred to in (b) by the person referred to in (a), the content of that measure;

(vii) if there is a company officer who has resigned or company officer who has been dismissed (excluding those dismissed by a resolution at a shareholders meeting or general meeting of class shareholders), the following matters (excluding any matters considered to have been part of a business report for a business year preceding the business year):

(a) the name of the company officer (in the case of accounting advisor, the personal name or company name);

(b) if an opinion has been given under Article 342-2, paragraph (1) or (4) or Article 345, paragraph (1) of the Act (including as applied mutatis mutandis pursuant to paragraph (4) of that Article following the deemed replacement of terms), the content of that opinion;

(c) if a reason has been given under Article 342-2, paragraph (2) or Article 345, paragraph (2) of the Act (including as applied mutatis mutandis pursuant to paragraph (4) of that Article following the deemed replacement of terms), that reason;

(viii) status of an important concurrent holding of positions by the company officers (excluding accounting advisor) of the stock company for the business year;

(ix) among the company officers, who serves as the company auditor, audit and supervisory committee member, or audit committee member, has considerable knowledge related to finance and accounting, that fact;

(x) the matters prescribed in (a) or (b) in accordance with the categories of the cases stated in (a) or (b) below:

(a) if the stock company is a company with an audit and supervisory committee as of the last day of the relevant business year: whether or not full-time audit and supervisory committee member was appointed, and the reason for that;

(b) if the stock company is a company with nominating committee, etc. as of the last day of the relevant business year: whether or not full-time audit committee member was appointed, and the reason for that;

(xi) in addition to what is prescribed in the preceding items, important matters regarding the company officers of the stock company.

(Matters Regarding the Stock Company's Officer Indemnification Insurance Policies)

Article 121-2 The "matters regarding the stock company's officer, etc. indemnification insurance policy" as provided in Article 119, item (ii)-2 are the following matters in cases where the stock company has concluded officer, etc. indemnification insurance policy with the insurer:

- (i) the scope of the insured of the officer, etc. indemnification insurance policy;
- (ii) a summary of the content of the officer, etc. indemnification insurance policy (including the share of the burden if the insured bears the insurance premiums in effect; a summary of the insured events subject to compensation; and a description of the measures taken so that proper execution of the duties of the officer, etc. (limited to the officer, etc. of the stock company) who is insured will not be impaired by the officer, etc. indemnification insurance policy, if those measures are taken).

(Matters Regarding Stock Company's Shares)

Article 122 The "matters regarding the stock company's shares" as provided in Article 119, item (iii) are the following matters:

(i) the names of the top ten shareholders by their percentage of shareholdings relative to the total number of issued shares (excluding treasury shares; the same applies below in the next paragraph), the number of shares held by the shareholders (in the case of a company with class shares, including the classes of shares and the number of shares per class), and the percentage of shares held by the shareholder, on the last day of the business year;

(ii) if the stock company has delivered its shares (limited to those delivered as consideration for performance of duty; if the stock company has delivered to the company officers money to be allocated for payments in exchange for shares for subscription as consideration for performance of duty, and the stock company's shares have been delivered in exchange for the payment of the money, including those shares; the same applies below in this item) to the stock company's company officers (including persons who had been company officers) during the relevant business year, the number of shares for each category of the following persons (including those who had been the following persons) (in the case of a company with class shares, the classes of shares and the number of shares per class) and the number of persons to whom shares were delivered:

(a) a director of the stock company (excluding a director who is an audit and supervisory committee member and outside officer; and including an executive officer);

(b) an outside director of the stock company (excluding a director who is an audit and supervisory committee member; and limited to an outside officer);

(c) a director of the stock company who is an audit and supervisory committee member;

(d) a company officer of the stock company other than a director (including an executive officer);

(iii) in addition to what is prescribed in the preceding two items, other important matters regarding the stock company shares.

(2) if a record date prescribed in Article 124, paragraph (1) of the Act for prescribing the persons who can exercise voting rights at the annual shareholders meeting for the business year has been designated, if the record date is after the last day of the business year, the names of the top ten shareholders by their percentage of shareholdings relative to the total number of issued shares on the relevant record date, the number of shares held by these shareholders (in the case of a company with class shares, including the classes of shares and the number of shares per class), and the percentage of the shares held by the shareholder may be stated as the matters stated in item (i) of the preceding paragraph. In this case, the record date must be disclosed.

(Matters Regarding Stock Company's Share Options)

Article 123 The "matters regarding stock company's share options, etc." as provided in Article 119, item (iv) are the following matters:

(i) if company officers of the stock company (limited to those holding office on the last day of the business year; the same applies below in this Article) hold share options, etc. of the stock company (limited to those that the stock company delivered as consideration for performance of duty; if the stock company has delivered to the company officers money to be allocated for payments in exchange for share options for subscription as consideration for performance of duty, and the stock company's share options have been delivered in exchange for the payment of the money, including those shares; the same applies below in this item and the following item) on the last day of the business year, a summary of the features of the share options, etc. for each category of the following persons, and the number of persons holding share options, etc.:

(a) a director of the stock company (excluding a person who is an audit and supervisory committee member and outside officer, and including an executive officer);

(b) an outside director of the stock company (excluding a person who is an audit and supervisory committee member, and limited to an outside officer);

(c) a director who is an audit and supervisory committee member of the stock company;

(d) a company officer other than a director of the stock company (including an executive officer);

(ii) if the stock company has delivered share options, etc. to the following persons during the business year, a summary of the features of the share options, etc. for each category of the following persons and the number of persons to whom those share options were delivered:

(a) an employee of the stock company (excluding a person concurrently acting as a company officer of the stock company);

(b) an officer and employee of the subsidiary company of the stock company (excluding a company officer of the stock company or a person concurrently acting as the person specified in (a));

(iii) in addition to what is prescribed in the preceding two items, important matters regarding the share options, etc. of the stock company.

(Special Provisions Related to Outside Officers, etc.)

Article 124 If, among the company officers, there are outside officers, the matters regarding the company officers of a stock company are to include the following matters in addition to the matters as provided in Article 121:

(i) if the fact that an outside officer (limited to those in office on or after the date of conclusion of the immediately preceding annual shareholders meeting; the same applies in the following item through item (iv)) concurrently acts as an executive of another corporation, etc. constitutes an important concurrent holding of positions as provided in Article 121, item (viii), the relationship between the stock company and the relevant other corporation, etc.;

(ii) if the fact that an outside officer concurrently acts as an outside officer of another corporation, etc., or a person in a similar position constitutes an important concurrent holding of positions as provided in Article 121, item (viii), the relationship between the stock company and the relevant other corporation, etc.;

(iii) if the stock company is aware that an outside officer is a spouse or a relative within the third degree of kinship of, or has an equivalent relationship with, any of the following persons, that fact (excluding relationships that are not material):

(a) a parent company, etc. of the stock company (limited to a natural person);

(b) an executive or an officer (excluding an executive) of the stock company or a specified associated service provider of the stock company;

(iv) status of main activities of each outside officer during the relevant business year (including the following matters):

(a) status of attendance at the board of directors meetings (if the outside officer is any of the following persons, including the matters prescribed below; the same applies in (b)):

1. an outside company auditor of a company with board of company auditors: the board of company auditors meeting;

2. an audit and supervisory committee member of a company with audit and supervisory committee: the audit and supervisory committee meetings;

3. an audit committee member of a company with nominating committee, etc.: the meetings of the audit committee;

(b) status of remarks made at board of directors meetings;

(c) if the business policies or decisions related to business or other matters of the stock company were changed because of the opinion of an outside officer, the content of those changes (excluding changes that are not material);

(d) if there has been a violation of laws and regulations or the articles of incorporation or any other unfair business practices (in the case when the outside officer is an outside company auditor, unlawful business practices) at the stock company during the relevant business year (excluding facts that are not material), a summary of the actions taken by each outside officer to prevent the occurrence of the fact and the actions taken in response after the occurrence of the fact;

(e) if the outside officer is an outside director, a summary of duty performed in relation to the role expected to be played by the outside officer (excluding the matters stated in (a) through (d));

(v) the matters prescribed in (a) through (c) below in accordance with the categories of cases stated in (a) through (c), regarding remuneration, etc. of the outside officer during the relevant business year:

(a) if the total amount of remuneration, etc. is stated for all outside officers: the total amount of remuneration, etc. of outside officers and the number of outside officers;

(b) if the amount of remuneration, etc. is stated for each individual outside officer and for all of the outside officers: the amount of remuneration, etc. for each outside officer;

(c) if the amount of remuneration, etc. is stated for each individual outside officer for some of the outside officers: the amount of remuneration, etc. for each individual outside officer and the total amount of remuneration, etc. and the number of officers related to other outside officers;

(vi) regarding the remuneration, etc. of an outside officer for which the amount received or the estimated amount to be received in the relevant business year has become evident (excluding any remuneration, etc. considered to be part of a business report for the business year pursuant to the provisions of the preceding item, and remuneration, etc. considered to have been part of a business report for a business year preceding the business year), the matters prescribed in (a) through (c) of that item, in accordance with the categories of the cases stated in (a) through (c);

(vii) if an outside officer has received remuneration, etc. as an officer during the relevant business year from the entities prescribed in (a) or (b) in accordance with the categories of the cases stated in (a) or (b) below, the total amount of the remuneration, etc. (limited to remuneration, etc. received during the period when the person was an outside officer):

(a) if the stock company has a parent company, etc.: the parent company, etc. or a subsidiary company, etc. (excluding the stock company) of the parent company, etc.;

(b) if the stock company has no parent company, etc.: a subsidiary company of the stock company;

(viii) if the outside officer has given an opinion about the content of the matters stated in the preceding items with regard to the outside officer, the content of that opinion.

### **Division 3 Content of Business Reports by Companies with Accounting Advisors**

Article 125 If a stock company is a company with accounting advisors as of the last day of its business year, the following matters must be included in its business report:

(i) if a contract under Article 427, paragraph (1) of the Act has been concluded between the accounting advisor and the stock company, a summary of the content of the contract (if measures are taken so that proper execution of duties of the accounting advisor will not be impaired by the contract, including the content of those measures);

(ii) if an indemnity agreement has been concluded between the accounting advisor and the stock company, the following matters:

(a) the name of the accounting advisor;

(b) a summary of the content of the indemnity agreement (if measures are taken so that proper execution of duties of the accounting advisor will not be impaired by the indemnity agreement, including the content of those measures);

(iii) if the stock company compensates for the expenses stated in Article 430-2, paragraph (1), item (i) of the Act under the indemnity agreement with regard to an accounting advisor (including persons who retired by the last day of the business year preceding the relevant business year; the same applies below in this item and the following item), and the stock company learns in the relevant business year that the accounting advisor has violated the provisions of a law or regulation or bears liability with regard to the execution of the duties referred to in that item, that fact;

(iv) if the stock company compensates for the loss stated in Article 430-2, paragraph (1), item (ii) of the Act under the indemnity agreement with regard to an accounting advisor, that fact and the compensation amount.

### **Division 4 Content of Business Reports by Companies with Financial Auditors**

Article 126 If a stock company is a company with financial auditors as of the last day of its business year, the following matters must be included in its business report (if the stock company is not a public company as of the last day of the business year, excluding the matters stated in item (ii) through item (iv)):

(i) the name of the financial auditor;

(ii) the amount of remuneration, etc. for each financial auditor for the business year and the reason why the company auditor (the board of company auditors in the case of a company with board of company auditors, the audit and supervisory committee in the case of a company with audit and supervisory committee, or the audit committee in the case of a company with nominating committee, etc.) gave consent under Article 399, paragraph (1) of the Act with regard to the remuneration, etc.;

(iii) if a financial auditor is paid consideration for services other than those under Article 2, paragraph (1) of the Certified Public Accountants Act (referred to as "non-auditing services" below in this item), a description of those non-auditing services;

(iv) a policy for making decisions on dismissal of or refusal to reelect a financial auditor;

(v) if a financial auditor is a person actually subject to a disposition of the suspension of business and the period of that suspension has not yet elapsed, matters related to that disposition;

(vi) if a financial auditor has been subject to a disposition of the suspension of business within the past two years, among the matters to that disposition, matters that the stock company has determined appropriate to include in the content of a business report;

(vii) if a contract under Article 427, paragraph (1) of the Act has been concluded between a financial auditor and the stock company, a summary of the contract (if measures are taken so that proper the duties of the financial auditor will not be impaired by the contract, including the content of those measures);

(vii)-2 if an indemnity agreement has been concluded between the financial auditor and the stock company, the following matters:

(a) the name of the financial auditor;

(b) a summary of the content of the indemnity agreement (if measures are taken so that proper execution of duties of the financial auditor will not be impaired by the indemnity agreement, including the content of those measures);

(vii)-3 if the stock company compensates for the expenses stated in Article 430-2, paragraph (1), item (i) of the Act under the indemnity agreement with regard to a financial auditor (including persons who retired by the last day of the business year preceding the relevant business year; the same applies below in this item and the following item), and the stock company learns in the relevant business year that the financial auditor has violated the provisions of a law or regulation or bears liability with regard to the execution of the duties referred to in that item, that fact;

(vii)-4 if the stock company compensates for the loss stated in Article 430-2, paragraph (1), item (ii) of the Act under the indemnity agreement with regard to a financial auditor, that fact and the compensation amount.

(viii) if a stock company is a large company as provided in Article 444, paragraph (3) of the Act, the following matters:

(a) the total amount of monetary or other economic benefits (limited to items recorded in the consolidated profit-and-loss statement for the business year) the stock company and its subsidiary company are to pay to a certified public accountant (including a foreign certified public accountant as provided in Article 16-2, paragraph (5) of the Certified Public Accountants Act; the same applies below in this Article) or an audit corporation acting as the financial auditor of the stock company;

(b) if a certified public accountant or audit corporation other than the financial auditor of the stock company (including entities with qualifications obtained in a foreign country equivalent to these qualifications) is performing an audit (limited to audits under the Act and the Financial Instruments and Exchange Act (including laws and regulations of a foreign country equivalent to these Acts)) of accounting documents (including documents equivalent to those documents) of a subsidiary company (limited to important subsidiary company) of the stock company, that fact;

(ix) if there is a financial auditor who has resigned or a financial auditor who has been dismissed (excluding those dismissed by a resolution at a shareholders meeting), the following matters (excluding any matters considered to have been part of a business report for a business year preceding the relevant business year):

(a) the name of the financial auditor;

(b) if a reason under Article 340, paragraph (3) of the Act exists, that reason;

(c) if an opinion under Article 345, paragraph (1) of the Act as applied mutatis mutandis pursuant to paragraph (5) of that Article following the deemed replacement of terms exists, the content of that opinion;

(d) if a reason or an opinion under Article 345, paragraph (2) of the Act as applied mutatis mutandis pursuant to paragraph (5) of that Article following the deemed replacement of terms exists, that reason or opinion;

(x) if the articles of incorporation contain provisions under Article 459, paragraph (1) of the Act, policies regarding exercise of authority given to the board of directors by the provisions of the articles of incorporation.

Article 127 Deleted

### **Division 5 Content of Detailed Statements Annexed to Business Reports**

Article 128 (1) Detailed statements annexed to a business report must contain important matters that supplements the content of the business report.

(2) If a stock company is a public company on the last day of the business year, the details of the status of any concurrent holding of positions (excluding those that are not material) by a company officer (excluding an accounting advisor) for whom the fact of having concurrently acted as an executive director, an executive officer, a member executing the business, or a person performing the duties of Article 598, paragraph (1) of the Act or any similar person for another corporation, etc. constitutes an important concurrent holding of positions under Article 121, item

(viii) must be included in the detailed statement annexed to the business report. In this case, if the business of the relevant other corporation, etc. is the same type of business as that of the stock company, that fact must be stated as a supplementary note.

(3) If there are any transactions between a stock company and its parent company, etc. (including any transactions between the stock company and a third party that result in a conflict of interest between the stock company and its parent company, etc.) that require the notes prescribed in Article 112, paragraph (1) of the Regulations on Corporate Accounting to be included in the tables of explanatory notes on the unconsolidated financial statements of the stock company for the relevant business year (limited to transactions for which the matters stated in items (iv) through (vi) and (viii) of that paragraph are to be omitted pursuant to the proviso to the paragraph), the matters stated in Article 118, item (v), (a) through (c) related to the transactions must be included in the detailed statement annexed to the business report.

### **Subsection 3 Auditing of Business Reports**

(Content of Audit Reports by Company Auditors)

Article 129 (1) If a company auditor receives a business report and a detailed statement annexed to that report, that person must prepare an audit report including the following matters (in the case of an audit report by the company auditor for a company with board of company auditors, the matters stated from (i) through (vi)):

(i) the methods and content of the audit by the company auditor (excluding those related to accounting documents; the same applies below in this Subsection);

(ii) an opinion regarding whether or not the business report and the detailed statements annexed to that report accurately represent the status of the stock company in accordance with laws and regulations or the articles of incorporation;

(iii) if there is misconduct or material facts in violation of laws and regulations or the articles of incorporation in relation to the execution of the duties of a director of the stock company (including an executive officer if the stock company was a company with nominating committee, etc. during the business year), that fact;

(iv) if the investigations required for the audit could not be performed, that fact and the reason for it;

(v) if the matters stated in Article 118, item (ii) are applicable (excluding those not falling under the scope of audits), and the content of the matters is found to be unsuitable, that fact and the reason for it;

(vi) if the matters as provided in Article 118, item (iii) or (v) are included in the business report or the matters as provided in paragraph (3) of the preceding Article are included in the detailed statement annexed to that business report, an opinion regarding those matters;

(vii) the date on which the audit report was prepared.

(2) Notwithstanding the provisions of the preceding paragraph, a company auditor of a stock company for which the articles of incorporation contain provisions that limit the scope of audit by the company auditor to matters related to accounting must prepare an audit report clarifying the fact that the company auditor lacks the authority to audit a business report, in lieu of the matters stated in the items of that paragraph.

(Content of Audit Reports by the Board of Company Auditors)

Article 130 (1) The board of company auditors must prepare an audit report of the board of company auditors (referred to below as the "board of company auditors audit report" in this Article) based upon the audit report prepared by the company auditor pursuant to the provisions of paragraph (1) of the preceding Article (referred to below as the "company auditors audit report" in this Article).

(2) A board of company auditors audit report must include the following matters. In this case, the company auditor may make a supplementary note to the board of company auditors audit report by including the content of the company auditors audit report related to the relevant matters if the content of the relevant matters in the board of company auditors audit report differs from the content of the relevant matters in the company auditors audit report:

(i) the methods and content of the audits by the company auditor and the board of company auditors;

(ii) the matters stated in paragraph (1), item (ii) through item (vi) of the preceding Article;

(iii) the date on which the board of company auditors audit report was prepared.

(3) If the board of company auditors prepares a board of company auditors audit report, the board of company auditors must deliberate on the content (excluding the content of any supplementary notes under the second sentence of the preceding paragraph) of the board of company auditors audit report by holding a conference or by any other means that allows opinions to be exchanged simultaneously by sending and receiving information at least once.

(Content of Audit Reports by the Audit and Supervisory Committee)

Article 130-2 (1) If an audit and supervisory committee receives a business report and a detailed statement annexed to that report, the committee must prepare an audit report including the following matters. In this case, an audit and supervisory committee member may make a supplementary note to the audit report with an opinion if the content of the audit report on the relevant matters differs from the opinion of the audit and supervisory committee member:

(i) the methods and content of the audit by the audit and supervisory committee;

(ii) the matters stated in paragraph (1), item (ii) through item (vi) of Article 129;

(iii) the date on which the audit report was prepared.

(2) The matters included in the audit report as provided in the preceding paragraph must be prescribed by a resolution of the audit and supervisory

committee (excluding matters included in any supplementary notes under the second sentence of that paragraph).

(Content of Audit Reports by the Audit Committee)

Article 131 (1) If an audit committee receives a business report and a detailed statement annexed to that report, the committee must prepare an audit report including the following matters. In this case, an audit committee member may make a supplementary note to the audit report with an opinion if the content of the audit report on the relevant matters differs from the opinion of the audit committee member:

- (i) the methods and content of the audit by the audit committee;
- (ii) the matters stated in paragraph (1), item (ii) through item (vi) of Article 129;
- (iii) the date on which the audit report was prepared.

(2) The content of the audit report as provided in the preceding paragraph must be prescribed by a resolution of the audit committee (excluding the content of any supplementary notes under the second sentence of that paragraph).

(Notification Deadline for Audit Reports by Company Auditors)

Article 132 (1) A specified company auditor must notify a specified director of the content of the audit report (in the case of a company with board of company auditors, limited to the audit report by the board of company auditors prepared pursuant to the provisions of Article 130, paragraph (1); the same applies below in this Article) by whichever of the following dates is latest:

- (i) the date on which four weeks have elapsed from the date on which the business report was received;
- (ii) the date on which one week has elapsed from the date on which the detailed statement annexed to the business report was received;
- (iii) the date agreed upon between the specified director and the specified company auditor.

(2) The business report and any detailed statements annexed to it are deemed to have been audited by the company auditor (the audit and supervisory committee in the case of a company with audit and supervisory committee or the audit committee in the case of a company with nominating committee, etc.) on the date on which the specified director receives notice of the content of the audit report under the preceding paragraph.

(3) Notwithstanding the provisions of the preceding paragraph, if the specified company auditor does not give notice of the content of the audit report pursuant to the provisions of paragraph (1) by the date that notice should be given pursuant to that paragraph, the business report and any detailed statements annexed to it are deemed to have been audited by the company auditor on the date that notice should be given (the audit and supervisory committee in the case of a company with audit and supervisory committee or the audit committee in the case of a company with nominating committee, etc.).

(4) The phrase "specified director" as provided in paragraph (1) and paragraph (2) means the person prescribed in each of the following items, in accordance with the categories of cases stated below:

(i) if the person to receive notice under paragraph (1) has been prescribed: the person prescribed to receive that notice;

(ii) in cases other than the case stated in the preceding item: the director or executive officer who has performed duties related to the preparation of the business report and the detailed statement annexed to it.

(5) The phrase "specified company auditor" as provided in paragraph (1) and paragraph (3) is the persons prescribed in the following items, in accordance with the categories of companies stated below:

(i) a company with company auditor (including a stock company the articles of incorporation of which contain provisions that limit the scope of audits by a company auditor to matters related to accounting, and excluding a company with board of company auditors): the persons prescribed in (a) through (c) below, in accordance with the categories of the cases stated in (a) through (c):

(a) if there are two or more company auditors appointed and if the company auditor to give notice of the content of the audit report under paragraph (1) has been prescribed: the company auditor prescribed as the company auditor to give the notice;

(b) if there are two or more company auditors appointed and if the company auditor to give notice of the content of the audit report under paragraph (1) has not been prescribed: all company auditors;

(c) in cases other than the cases stated in (a) or (b): the company auditor;

(ii) a company with board of company auditors: the persons prescribed in (a) or (b) below, in accordance with the categories of the cases stated in (a) or (b):

(a) if the board of company auditors has prescribed a company auditor to give notice of the content of the audit report under paragraph (1): the company auditor prescribed as the company auditor to give that notice;

(b) in cases other than the case stated in (a): all company auditors;

(iii) a company with audit and supervisory committee: the persons prescribed in (a) or (b) below, in accordance with the categories of the cases stated in (a) or (b):

(a) if the audit and supervisory committee has prescribed an audit and supervisory committee member to give notice of the content of the audit report under paragraph (1): the audit and supervisory committee member prescribed as the audit and supervisory committee member to give that notice;

(b) in cases other than the case stated in (a): any audit and supervisory committee member;

(iv) a company with nominating committee, etc.: the persons prescribed in (a) or (b) below, in accordance with the categories of the cases stated in (a) or (b):

(a) if the audit committee has prescribed an audit committee member to give notice of the content of the audit report under paragraph (1): the audit committee member prescribed as the audit committee member to give that notice;

(b) in cases other than the case stated in (a): any audit committee member.

#### **Subsection 4 Provision of Business Reports to Shareholders**

(Provision of Business Reports)

Article 133 (1) The provision to shareholders of the business reports to be presented pursuant to the provisions of Article 437 of the Act (meaning the reports prescribed in the following items, in accordance with the categories of stock companies stated in each item; the same applies below in this Article) is governed by the provisions of this Article:

(i) a stock company (excluding a company with company auditor, a company with audit and supervisory committee, and a company with nominating committee, etc.): business report;

(ii) a company with company auditor, a company with audit and supervisory committee, and a company with nominating committee, etc.: the following reports:

(a) business report;

(b) if there is an audit report by a company auditor (the board of company auditors in the case of a company with board of company auditors, the audit and supervisory committee in the case of a company with audit and supervisory committee, or the audit committee in the case of a company with nominating committee, etc.) for a business report, the audit report (if the contents of the audit reports by each company auditor of a stock company (excluding a company with board of company auditors) with two or more company auditors are identical (excluding the date on which the audit reports were prepared), the audit reports by one or more company auditors);

(c) if it is deemed that an audit was carried out pursuant to the provisions of paragraph (3) of the preceding Article, a document or electronic or magnetic records stating or recording that fact.

(2) If the notice of calling for the annual shareholders meeting (meaning the notice under Article 299, paragraph (2) or paragraph (3) of the Act; the same applies below in this Article) is provided by a means stated in the following items, the business report to be presented must be provided by the means prescribed in each of the items:

(i) provision in writing: the means prescribed in (a) or (b) below, in accordance with the categories of the cases stated in (a) or (b):

(a) if the business report to be presented is prepared in writing: provision of a document stating the matters included in that business report;

(b) if the business report to be presented is prepared as electronic or magnetic records: provision of a document stating the matters recorded in those electronic or magnetic records;

(ii) provision by electronic or magnetic means: the means prescribed in (a) or (b) below, in accordance with the categories of the cases stated in (a) or (b):

(a) if the business report to be presented is prepared in writing: provision by electronic or magnetic means of the matters stated in the document;

(b) if the business report to be presented is prepared as an electronic or magnetic record: provision by electronic or magnetic means of the matters recorded in those electronic or magnetic records.

(3) Regarding the application of the provisions of the preceding paragraph if measures are taken to make information related to the matters to be included in the business report to be presented (excluding the matters stated below) available to shareholders continuously by electronic or magnetic means from the time of dispatch of the notice of calling for the annual shareholders meeting until the date on which three months have elapsed from the date of the annual shareholders meeting (of the means stated in Article 222, paragraph (1), item (i), (b), limited to those that rely on using an automatic public transmission server connected to the internet; the same applies in paragraph (7)), the matters are deemed to have been provided to shareholders by the means prescribed in the following items, in accordance with the categories of the cases stated in each item of that paragraph with respect to those matters; provided, however, that this is limited to cases where the articles of incorporation contain provisions for taking the measures of this paragraph:

(i) the matters stated in Article 120, paragraph (1), item (v) and item (vii), and Article 121, item (i), item (ii) and item (iv) through item (vi)-3;

(ii) the matters to be included in the business report to be presented (excluding the matters stated in the preceding item) if the company auditor, audit and supervisory committee, or audit committee states an objection with regard to taking the measures under this paragraph with respect to those matters .

(4) In the case of the preceding paragraph, the director must notify the shareholders of the codes, including characters, symbols, and other marks, or combinations of those characters, symbols, and marks, for identifying on the internet the relevant part of the automatic public transmission server used for the measures of that paragraph that is used for the purpose of implementing the measures, allowing the receiver of information to inspect the content of information and record the information in the files stored on a computer through direct input into the computer used by that receiver.

(5) If part of the matters included in the business report to be presented pursuant to the provisions of paragraph (3) are deemed to have been provided to shareholders by the means prescribed in the items of paragraph (2) and if the company auditor, audit and supervisory committee, or audit committee makes a demand to the director stating that the shareholders are to be notified of the fact that the business report actually provided to the shareholders is part of the business report for which

an audit was performed upon the preparation of an audit report, the director must inform the shareholders of that fact.

(6) With regard to the matters that should be included in business reports, if circumstances arise in the interval between the day the notice of calling of the annual shareholders meeting was dispatched and the day before the annual shareholders meeting that require the matters to be revised, the director may give the notice of calling together with a notice stating methods utilized to make shareholders aware of the matters after those revisions.

(7) The provisions of paragraph (3) do not preclude taking measures to also make the information related to the matters stated in the items of that paragraph available to shareholders by electronic or magnetic means.

(Special Provisions on Provision of Business Reports)

Article 133-2 Notwithstanding the provisions of paragraph (3) of the preceding Article, when the director of a stock company performs the procedures to call an annual shareholders meeting and measures are taken to make information on the matters (excluding the matters stated below; the same applies below in this Article) that are to be included in the business report to be presented (meaning the business report to be presented as prescribed in paragraph (1) of that Article; the same applies below in this Article) available to shareholders continuously by electronic or magnetic means (of the means stated in Article 222, paragraph (1), item (i), (b), limited to those that rely on using an automatic public transmission server connected to the internet) from the time of dispatch of the notice of calling related to the annual shareholders meeting (meaning the notice under Article 299, paragraph (2) or paragraph (3) of the Act; the same applies below in this Article) until the date on which three months have elapsed from the date of the annual shareholders meeting, with regard to the application of the provisions of paragraph (2) of the preceding Article, the matters are deemed to have been provided to shareholders by the means prescribed in the items of that paragraph, in accordance with the categories of the cases stated in each item of that paragraph with respect to the related matters; provided, however, that this is limited to cases where the articles of incorporation contain provisions for taking the measures prescribed in paragraph (3) of that Article.

(i) the matters stated in Article 120, paragraph (1), item (v) and item (vii) and Article 121, item (i), item (ii) and item (iv) through item (vi), and the matters to be included in the business report pursuant to the provisions of Article 124, paragraph (2);

(ii) the matters to be included in the business report (excluding the matters stated in the preceding item) if the company auditor, audit and supervisory committee, or audit committee states an objection with regard to taking the measures under this paragraph with respect to those matters.

(2) In the case of the preceding paragraph, the director must notify the shareholders of the codes, including characters, symbols, and other marks, or combinations of those characters, symbols, and marks, for identifying on the internet the relevant part of the automatic public transmission server used for the measures of that paragraph that is used for the purpose of undertaking the measures, allowing the receiver of information to inspect the content of information and record the information in the files stored on a computer through direct input into the computer used by the receiver.

(3) If the matters to be included in the business report to be presented pursuant to the provisions of paragraph (1) are deemed to have been provided to shareholders by means prescribed in the items of paragraph (2) of the preceding Article and if the company auditor, audit and supervisory committee, or audit committee makes a demand to the director stating that the shareholders are to be notified of the fact that the business report actually provided to the shareholders is part of the business report for which an audit was performed upon the preparation of an audit report, the directors must inform the shareholders of that fact.

(4) If the director takes the measures prescribed in paragraph (1) regarding the information related to the matters that are to be included in the business report to be presented (excluding matters to be included in the business report prescribed in paragraph (3) of the preceding Article), special consideration must be given to not causing unjust harm to the interests of shareholders.

## **Chapter VI Transfers of Business**

(Total Amount of Assets)

Article 134 (1) The method prescribed by Ministry of Justice Order as provided in Article 467, paragraph (1), item (ii) and item (ii)-2, (a) of the Act is to treat as the total amount of assets of the stock company the amount obtained by subtracting the amount stated in item (x) from the total of the amounts stated in item (i) through item (ix) on the calculation reference date (meaning the date on which the contract related to the assignment as provided in item (ii) or item (ii)-2 of that paragraph was concluded (if a time other than the date on which the relevant contract was concluded is prescribed in the contract (limited to the period from after the date on which the contract was concluded until immediately before the time when the assignment becomes effective), that time); the same applies below in this Article):

(i) amount of stated capital;

(ii) amount of capital reserve;

(iii) amount of retained earnings reserve;

(iv) amount of surplus as provided in Article 446 of the Act;

(v) the amount of valuation and translation adjustments on the last day of the most recent business year (in the case as provided in Article 461, paragraph (2), item (ii) of the Act, the period under Article 441, paragraph (1), item (ii) of the Act (if there are two or more of those periods, the period the last day of which comes

latest); the same applies below in this paragraph) (if the most recent business year is not available, the date of formation of the stock company, the same applies below in this Article);

(vi) book value of share award rights;

(vii) book value of share options;

(viii) the amount recorded in the section on liabilities on the last day of the most recent business year;

(ix) if a succession to rights and obligations related to the business of another company occurs from an absorption-type merger or an absorption-type company split, or an acceptance of transfer of all the business of another company (including foreign companies) is performed after the last day of the most recent business year, the amount of liabilities succeeded to or accepted as a result of these acts;

(x) total book value of treasury shares and the stock company's own share options.

(2) Notwithstanding the provisions of the preceding paragraph, the method prescribed by Ministry of Justice Order as provided in Article 467, paragraph (1), item (ii) and item (ii)-2 of the Act if the stock company performing an assignment as provided in item (ii) or item (ii)-2, (a) of that paragraph is a liquidating stock company on the calculation reference date is to treat as the total amount of the assets of the stock company the amount recorded in the section on assets on the balance sheet prepared pursuant to the provisions of Article 492, paragraph (1) of the Act.

(Amount of Net Assets)

Article 135 (1) The method prescribed by Ministry of Justice Order as provided in Article 467, paragraph (1), item (v), (b) of the Act is to treat as the amount of net assets of the stock company the amount (if the amount is less than five million yen, five million yen) obtained by subtracting the amount stated in item (viii) from the total of the amounts stated in item (i) through item (vii) on the calculation reference date (meaning the date on which the contract related to the acquisition as provided in that item was concluded (if a time other than the date on which the relevant contract was concluded is prescribed in the contract (limited to the period from after the date on which the contract was concluded until immediately before the time when the acquisition becomes effective), that time); the same applies below in this Article):

(i) amount of stated capital;

(ii) amount of capital reserve;

(iii) amount of retained earnings reserve;

(iv) amount of surplus as provided in Article 446 of the Act;

(v) the amount of valuation and translation adjustments on the last day of the most recent business year (in the case as provided in Article 461, paragraph (2), item (ii) of the Act, the period under Article 441, paragraph (1), item (ii) of the Act

(if there are two or more of those periods, the period the last day of which comes latest); the same applies below in this item) (if the most recent business year is not available, the date of formation of the stock company);

(vi) book value of share award rights;

(vii) book value of share options;

(viii) total book value of treasury shares and the stock company's own share options.

(2) Notwithstanding the provisions of the preceding paragraph, the method prescribed by Ministry of Justice Order as provided in Article 467, paragraph (1), item (v), (b) of the Act if the stock company performing an acquisition as provided in Article 467, paragraph (1), item (v) is a liquidating stock company on the calculation reference date is to treat as the amount of net assets of the stock company the amount (if the amount is less than five million yen, five million yen) obtained by subtracting the amount recorded in the section on liabilities from the amount recorded in the section on assets on the balance sheet prepared pursuant to the provisions of Article 492, paragraph (1) of the Act.

(Special Controlling Company)

Article 136 (1) Corporations prescribed by Ministry of Justice Order as provided in Article 468, paragraph (1) of the Act are as follows:

(i) a corporation in which another company as provided in Article 468, paragraph (1) of the Act holds all of the equity interests (excluding a stock company);

(ii) a corporation in which another company as provided in Article 468, paragraph (1) of the Act and a specified wholly owned subsidiary corporation (meaning a stock company in which the relevant other company holds all of the issued shares, and the corporation stated in the preceding item; the same applies below in this paragraph) or a specified wholly owned subsidiary corporation holds all of the equity interests.

(2) With regard to the application of the provisions of item (ii) of the preceding paragraph, the corporation stated in that item is deemed to be a specified wholly owned subsidiary corporation as provided in that item.

(Amount of Net Assets)

Article 137 (1) The method prescribed by Ministry of Justice Order as provided in Article 468, paragraph (2), item (ii) of the Act is to treat as the amount of the net assets of the stock company the amount (if the amount is less than five million yen, five million yen) obtained by subtracting the amount stated in item (viii) from the total of the amounts stated in item (i) through item (vii) on the calculation reference date (meaning the date on which the contract related to the acceptance as provided in Article 467, paragraph (1), item (iii) of the Act was concluded (if a time other than the date on which the relevant contract was concluded is prescribed in the contract, that time (limited to the period from after the date on which the contract

was concluded until immediately before the time when the acceptance becomes effective)); the same applies below in this Article):

- (i) amount of stated capital;
- (ii) amount of capital reserves;
- (iii) amount of retained earnings reserves;
- (iv) amount of surplus as provided in Article 446 of the Act;
- (v) the amount of valuation and translation adjustments on the last day of the most recent business year (in the case as provided in Article 461, paragraph (2), item (ii) of the Act, the period under Article 441, paragraph (1), item (ii) of the Act (if there are two or more of those periods, the period the last day of which comes latest); the same applies below in this item) (if the most recent business year is not available, the date of formation of the stock company);
- (vi) book value of share award rights;
- (vii) book value of share options;
- (viii) total book value of treasury shares and the stock company's own share options.

(2) Notwithstanding the provisions of the preceding paragraph, the method prescribed by Ministry of Justice Order as provided in Article 468, paragraph (2), item (ii) of the Act if the stock company performing an acceptance as provided in Article 467, paragraph (1), item (iii) of the Act is a liquidating stock company on the calculation reference date is to treat as the amount of net assets of the stock company the amount obtained by subtracting the amount recorded in the section on liabilities from the amount recorded in the section on assets on the balance sheet prepared pursuant to the provisions of Article 492, paragraph (1) of the Act (if the amount is less than five million yen, five million yen).

(Cases Where Approval at a Shareholders Meeting Is Required for a Business Transfer)

Article 138 The number prescribed by Ministry of Justice Order as provided in Article 468, paragraph (3) of the Act is the smallest of the following numbers:

- (i) the number obtained by adding one to the number obtained by multiplying the total number of specified shares (meaning the shares that entitle the shareholders to exercise their voting rights at the shareholders meeting in relation to the acts as provided in Article 468, paragraph (3) of the Act; the same applies below in this Article) by one-half (if the articles of incorporation specify that the shareholders holding voting rights at or above a certain ratio of the total number of voting rights for the specified shares must be in attendance as a requirement for the adoption of resolutions at the shareholders meeting, the relevant ratio) and then multiplying that result by one-third (if the articles of incorporation specify that a majority of at least a certain ratio of the total voting rights held by the specified shareholders (meaning shareholders that hold specified shares; the same applies below in this Article) in attendance at the shareholders meeting must approve as a requirement

for the adoption of resolutions at the shareholders meeting, the ratio obtained by subtracting the relevant ratio from one);

(ii) if the articles of incorporation prescribe that approval of a certain number or more of specified shareholders is required as a requirement for the adoption of resolutions related to the acts as provided in Article 468, paragraph (3) of the Act, the number of specified shares held by specified shareholders who indicated opposition to those acts if the number obtained by subtracting the number of specified shareholders who indicated opposition to the acts to the company from the total number of specified shareholders is less than the prescribed number of specified shareholders;

(iii) if the articles of incorporation other than the provisions of the articles of incorporation of the preceding two items prescribe the requirements for the adoption of resolutions related to the acts as provided in Article 468, paragraph (3) of the Act, the number of specified shares held by specified shareholders who indicated opposition to the acts if the resolution cannot be adopted if all the specified shareholders who indicated opposition to those acts dissent at the shareholders meeting as provided in that paragraph;

(iv) the number prescribed in the articles of incorporation.

#### **Chapter VII Dissolution**

Article 139 (1) The notice under Article 472, paragraph (1) of the Act (referred to below simply as "the notification" in this Article) must be given in writing.

(2) The written document of the preceding paragraph must include the following matters:

(i) the trade name and the head office, as well as the name and the address of the representative of the stock company;

(ii) if the notification is given by an agent, their name and address ;

(iii) the fact that business has not been discontinued;

(iv) the date of the notification;

(v) indication of the registry office.

(3) If the notification is given by an agent, a document verifying the authority of that agent must be attached to the written document of paragraph (1).

#### **Chapter VIII Liquidation**

##### **Section 1 General Provisions**

(Systems Necessary to Ensure Proper Operations at a Liquidating Stock Company)

Article 140 (1) The systems prescribed by Ministry of Justice Order as provided in Article 482, paragraph (3), item (iv) of the Act are the following systems:

(i) systems for the retention and management of information related to the execution of the duties of a liquidator;

(ii) rules and other systems related to the management of the risk of loss;

(iii) systems to ensure that the duties of an employee are executed in compliance with laws and regulations and the articles of incorporation.

(2) If a liquidating stock company has two or more liquidators, the systems as provided in the preceding paragraph are to include systems for ensuring that business decisions are carried out properly.

(3) If a liquidating stock company is not a company with company auditor, the systems as provided in paragraph (1) are to include systems for the liquidator to report matters to be reported to the shareholders.

(4) In the case of a company with company auditor (including a liquidating stock company for which the articles of incorporation contain provisions that limit the scope of audits by a company auditor to matters related to accounting), the systems as provided in paragraph (1) are to include the following systems:

(i) if a company auditor has requested that an employee be appointed to assist with the duties of the company auditor, systems related to the employee;

(ii) matters regarding the independence of the employee of the preceding item from the liquidator;

(iii) matters related to ensuring the effectiveness of instructions given by a company auditor to the employee specified in item (i);

(iv) systems for the liquidator and the employee to report to the company auditor, and other systems related to reporting to the company auditor;

(v) systems for ensuring that a person who makes a report under the preceding item is not treated disadvantageously due to the fact that it has made the report;

(vi) matters related to policies concerning the procedure for advance payment or reimbursement of expenses that arise in relation to the execution of the duties of the company auditor or any other processing of expenses or obligations that arise in relation to the execution of the duties;

(vii) other systems for ensuring that audits by the company auditor are performed effectively.

(Matters Prescribed by the Board of Liquidators upon Solicitation of Persons to Subscribe for Bonds)

Article 141 The matters prescribed by Ministry of Justice Order as provided in Article 489, paragraph (6), item (v) of the Act are as follows:

(i) if any decisions on the matters stated in the items of Article 676 of the Act in relation to two or more solicitations (meaning the solicitation of Article 676; the same applies below in this Article) are delegated, that fact;

(ii) the upper limit of the total amount of bonds for subscription (in the case as provided in the preceding item, the aggregate total of the upper limit of the total amounts of bonds for subscription related to each solicitation);

(iii) the upper limit of the interest rate on bonds for subscription and an outline of other matters regarding interest rate;

(iv) the minimum amount of the total amount to be paid in for bonds for subscription (meaning the amount to be paid in as provided in Article 676, item (ix) of the Act; the same applies below in this item) and an outline of other matters related to the amount to be paid in.

(Systems Necessary to Ensure Proper Operations at a Company with Board of Liquidators)

Article 142 (1) The systems prescribed by Ministry of Justice Order as provided in Article 489, paragraph (6), item (vi) of the Act are as follows:

(i) systems for the retention and management of information related to the execution of the duties of a liquidator;

(ii) rules and other systems related to the management of the risk of loss;

(iii) systems to ensure that the duties of an employee are executed in compliance with laws and regulations and the articles of incorporation.

(2) If a liquidating stock company is not a company with company auditor, the systems as provided in the preceding paragraph are to include systems for the liquidator to report matters to be reported to the shareholders.

(3) In the case of a company with company auditor (including a liquidating stock company for which the articles of incorporation contain provisions that limit the scope of audits by a company auditor to matters related to accounting), the systems as provided in paragraph (1) are to include the following systems:

(i) if a company auditor has requested that an employee be appointed to assist with the duties of the company auditor, the systems related to the employee;

(ii) matters regarding the independence of the employee of the preceding item from the liquidator;

(iii) matters related to ensuring the effectiveness of instructions given by a company auditor to the employee specified in item (i);

(iv) systems for the liquidator and the employee to report to the company auditor, and other systems related to reporting to the company auditor;

(v) systems for ensuring that a person who makes a report under the preceding item are not treated disadvantageously due to the fact that it has made the report;

(vi) matters related to policies concerning the procedure for advance payment or reimbursement of expenses that arise in relation to the execution of the duties of the company auditor or any other processing of expenses or obligations that arise in relation to the execution of the duties;

(vii) other systems for ensuring that audits by the company auditor are performed effectively.

(Minutes of Board of Liquidators Meetings)

Article 143 (1) The preparation of the minutes of a board of liquidators meeting under Article 369, paragraph (3) of the Act, as applied mutatis mutandis pursuant to Article 490, paragraph (5) of the Act is governed by the provisions of this Article.

(2) The minutes of a board of liquidators meeting must be prepared in writing or as electronic or magnetic records.

(3) The minutes of a board of liquidators meeting must include the following matters:

(i) the date, time, and place where the board of liquidators meeting was held (including the method of the attendance if liquidators, company auditors, or shareholders not at the place were in attendance at the board of liquidators meeting);

(ii) if the board of liquidators meeting falls under any of the following, that fact:

(a) the meeting was called in response to a request of a liquidator under Article 490, paragraph (2) of the Act;

(b) the meeting was called by a liquidator pursuant to the provisions of Article 490, paragraph (3) of the Act;

(c) the meeting was called in response to a demand of a shareholder under Article 367, paragraph (1) of the Act, as applied mutatis mutandis pursuant to Article 490, paragraph (4) of the Act;

(d) the meeting was called by a shareholder pursuant to the provisions of Article 490, paragraph (3) of the Act as applied mutatis mutandis following the deemed replacement of terms pursuant to Article 367, paragraph (3) of the Act as applied mutatis mutandis pursuant to Article 490, paragraph (4) of the Act;

(e) the meeting was called in response to a demand of a company auditor under Article 383, paragraph (2) of the Act;

(f) the meeting was called by a company auditor pursuant to the provisions of Article 383, paragraph (3) of the Act;

(iii) a summary of the progress of the agenda of the board of liquidators meeting and the results of that meeting;

(iv) if a liquidator has a special interest in a matter requiring a resolution, the name of the liquidator;

(v) if opinions are stated or remarks are made at the board of liquidators meeting pursuant to the following provisions, a summary of the content of those opinions or remarks:

(a) Article 382 of the Act;

(b) Article 383, paragraph (1) of the Act;

(c) Article 365, paragraph (2) of the Act, as applied mutatis mutandis pursuant to Article 489, paragraph (8) of the Act;

(d) Article 367, paragraph (4) of the Act, as applied mutatis mutandis pursuant to Article 490, paragraph (4) of the Act;

(vi) the names of any company auditors or shareholders in attendance at the board of liquidators meeting;

(vii) the name of the chairperson of the board of liquidators meeting, if any.

(4) In the cases stated in the following items, the minutes of the board of liquidators meeting are to include the matters prescribed in each of the following items:

(i) if a resolution is deemed to have been made at the board of liquidators meeting pursuant to the provisions of Article 370 of the Act, as applied mutatis mutandis pursuant to Article 490, paragraph (5) of the Act: the following matters:

(a) the content of the matters regarding which a resolution is deemed to have been made at the board of liquidators meeting;

(b) the name of the liquidator who has proposed the matter in (a);

(c) the date on which the resolution is deemed to have been made at the board of liquidators meeting;

(d) the name of the liquidator who has performed duties related to the preparation of the minutes;

(ii) if a report to the board of liquidators is found to be unnecessary pursuant to the provisions of Article 372, paragraph (1) of the Act, as applied mutatis mutandis pursuant to Article 490, paragraph (6) of the Act: the following matters:

(a) the content of the matters regarding which a report to the board of liquidators is found to be unnecessary;

(b) the date on which the report to the board of liquidators was found to be unnecessary;

(c) the name of the liquidator who has performed duties related to the preparation of the minutes.

(Property Inventories)

Article 144 (1) The property inventories to be prepared pursuant to the provisions of Article 492, paragraph (1) of the Act are governed by the provisions of this Article.

(2) Regarding the property that should be recorded in the inventory of property of the preceding paragraph, except if assigning the price of disposal of that property is too difficult, the price of disposal on the date on which the cases stated in the items of Article 475 of the Act are satisfied must be assigned. In this case, regarding the accounting books of the liquidating stock company, the price entered in the inventory of property is deemed the acquisition value.

(3) The inventory of property of paragraph (1) must be indicated in the categories of sections stated below. In this case, the sections stated in item (i) and item (ii) may be subdivided into entries to which suitable names indicating their content are assigned:

(i) assets;

(ii) liabilities;

(iii) net worth.

(Balance Sheet at the Start of Liquidation)

Article 145 (1) The balance sheet to be prepared pursuant to the provisions of Article 492, paragraph (1) of the Act is governed by the provisions of this Article.

(2) The balance sheet under the preceding paragraph must be prepared based on the inventory of property.

(3) The balance sheet under paragraph (1) must be indicated in the categories of sections stated below. In this case, the sections stated in item (i) and item (ii) may be subdivided into entries to which suitable names indicating their content are assigned:

- (i) assets;
- (ii) liabilities;
- (iii) net assets.

(4) If there are assets for which assigning the price of disposal is too difficult, the balance sheet of paragraph (1) must annotate the policy of property appraisal related to those assets.

(Balance Sheet for Each Liquidation Year)

Article 146 (1) The balance sheet to be prepared pursuant to the provisions of Article 494, paragraph (1) of the Act must be prepared based on the accounting books for each liquidation year.

(2) The provisions of paragraph (3) of the preceding Article are applied mutatis mutandis to the balance sheet of the preceding paragraph.

(3) The detailed statement annexed to the balance sheet to be prepared pursuant to the provisions of Article 494, paragraph (1) of the Act must include important matters supplementing the content of the balance sheet.

(Administrative Report for Each Liquidation Year)

Article 147 (1) The administrative report to be prepared pursuant to the provisions of Article 494, paragraph (1) of the Act must include important matters concerning the status of the execution of administrative affairs related to liquidation.

(2) The detailed statement annexed to the administrative report to be prepared pursuant to the provisions of Article 494, paragraph (1) of the Act must include important matters supplementing the content of the administrative report.

(Audit Report of a Liquidating Stock Company)

Article 148 (1) Audits under Article 495, paragraph (1) of the Act are governed by the provisions of this Article.

(2) If the company auditor of a liquidating stock company receives the balance sheet, the administrative report, and detailed statements annexed to those documents for each liquidation year, the company auditor must prepare an audit report including the following matters (in the case of a company auditors audit report for a company with board of company auditor, the matters stated in (i) through (v)):

- (i) the methods and content of the audit by the company auditor;

(ii) an opinion on whether or not the balance sheet and the detailed statement annexed to it for each liquidation year properly indicate the status of the property of the liquidating stock company on all important points;

(iii) an opinion on whether or not the administrative report and the detailed statement annexed to it for to each liquidation year accurately represent the status of the liquidating stock company in accordance with laws and regulations or the articles of incorporation;

(iv) if there is misconduct or material fact in violation of laws and regulations or the articles of incorporation in relation to the execution of the duties of a liquidator, that fact;

(v) if the investigations required for the audit could not be performed, that fact and the reason for it;

(vi) the date on which the audit report was prepared.

(3) Notwithstanding the provisions of the preceding paragraph, a company auditor of a liquidating stock company for which the articles of incorporation contain provisions that limit the scope of audit by the company auditor to matters related to accounting must prepare an audit report clarifying the fact that the company auditor lacks the authority to audit these matters, in lieu of the matters stated in item (iii) and item (iv) of that paragraph.

(4) The board of company auditors of a liquidating stock company must prepare a board of company auditors audit report based on the audit report prepared by the company auditor of the liquidating stock company pursuant to the provisions of paragraph (2).

(5) A board of company auditors audit report for a liquidating stock company must include the following matters:

(i) the methods of the audit performed by the company auditor and the board of company auditors and the content of that audit;

(ii) the matters stated in paragraph (2), item (ii) through item (v);

(iii) the date on which the audit report was prepared.

(6) A specified company auditor must notify a specified liquidator of the content of the audit report (in the case of a company with board of company auditors, limited to the board of company auditors audit report prepared pursuant to the provisions of paragraph (4)) by the date on which four weeks have elapsed from the date on which all of the balance sheet referred to in Article 146, paragraph (1) and the administrative report of paragraph (1) of the preceding Article are received (if a there is a date agreed upon between the specified liquidator (meaning the person prescribed in each of the following items, in accordance with the categories of cases stated below; the same applies below in this Article) and the specified company auditor, that date):

(i) if the person to receive notice under this paragraph has been prescribed: the person prescribed to receive that notice;

(ii) in cases other than the case stated in the preceding item: the liquidator who has performed the duties related to preparation of the balance sheet referred to in Article 146, paragraph (1), the administrative report referred to in paragraph (1) of the preceding Article, and any detailed statements annexed to those documents.

(7) The balance sheet referred to in Article 146, paragraph (1), the administrative report referred to in paragraph (1) of the preceding Article, and any detailed statements annexed to those documents, are deemed to have been audited by the company auditor on the date on which the specified liquidator receives notice of the content of the audit report under the preceding paragraph.

(8) Notwithstanding the provisions of the preceding paragraph, if the specified company auditor does not give notice of the content of the audit report pursuant to the provisions of paragraph (6) by the date that notice should be given pursuant to that paragraph, the balance sheet referred to in Article 146, paragraph (1), the administrative report referred to in paragraph (1) of the preceding Article, and any detailed statements annexed to those documents are deemed to have been audited by the company auditor on the date that notice should be given.

(9) The phrase "specified company auditor" as provided in paragraph (6) and the preceding paragraph means the person prescribed in each of the following items, in accordance with the categories of liquidating stock companies stated below:

(i) a company with company auditors (including a liquidating stock company the articles of incorporation of which contain provisions that limit the scope of audit by a company auditor to matters related to accounting, and excluding a company with board of company auditors): the persons prescribed in (a) through (c) below, in accordance with the categories of cases stated in (a) through (c):

(a) if there are two or more company auditors appointed and if the company auditor to give notice of the content of the audit report under paragraph (6) has been prescribed: the company auditor prescribed as the company auditor to give the notice;

(b) if there are two or more company auditors appointed and if the company auditor to give notice of the content of the audit report under paragraph (6) has not been prescribed: all company auditors;

(c) in cases other than the cases stated in (a) or (b): the company auditor;

(ii) a company with board of company auditors: the persons prescribed in (a) or (b) below, in accordance with the categories of the cases stated in (a) or (b):

(a) if the board of company auditors has prescribed a company auditor to give notice of the content of the audit report under paragraph (6): the company auditor prescribed as the company auditor to give that notice;

(b) in cases other than the case stated in (a): all company auditors.

(Price of Residual Assets If the Right to Demand a Distribution of Monies Is Exercised)

Article 149 (1) The method prescribed by Ministry of Justice Order as provided in Article 505, paragraph (3), item (i) of the Act is to consider the higher of the following amounts the price of residual assets prescribed in that item:

(i) the closing price in the market on which the residual assets are traded on the last day of the period under Article 505, paragraph (1), item (i) of the Act (referred to below as "exercise deadline date" in this paragraph) (if there are no purchase and sale transactions on the execution deadline date, or if the exercise deadline date falls on a holiday for the relevant market, the price at which the first purchase and sale transaction was carried out after that point);

(ii) if the residual assets are subject to a tender offer, etc. on the exercise deadline date, the price of the residual assets in the contract related to the tender offer, etc. on the exercise deadline date.

(2) Regarding the application of the provisions of item (i) of the preceding paragraph if it is deemed that the provisions of the second sentence of Article 505, paragraph (3) of the Act are to apply pursuant to the provisions of Article 506 of the Act, the phrase in that item "the last day of the period under Article 505, paragraph (1), item (i) of the Act" is to be "the date of the distribution of residual assets".

(Settlement of Accounts)

Article 150 (1) The settlement of accounts to be prepared pursuant to the provisions of Article 507, paragraph (1) of the Act must include the following matters. In this case, the matters stated in item (i) and item (ii) may be subdivided into suitable entries:

(i) the amount of income obtained from the collection of debts, disposal of assets and other acts;

(ii) the amount of expenses from the performance of obligations, payment of expenses related to liquidation, and other acts;

(iii) the amount of residual assets (if there is a tax payment amount, that tax amount and the amount of assets after the tax amount is deducted);

(iv) the amount of distribution per share (in the case of a company with class shares, the amount of distribution per share in each class).

(2) The matters stated in item (iv) of the preceding paragraph must be annotated with the following matters:

(i) the date on which distribution of residual assets has been completed;

(ii) if some or all of the residual assets are assets other than monies, the kinds and values of the assets.

(Cases When a Liquidating Stock Company Can Acquire Treasury Shares)

Article 151 The cases prescribed by Ministry of Justice Order as provided in Article 509, paragraph (3) of the Act are as follows:

(i) if the liquidating stock company's shares are delivered to it by any other corporation, etc. in which the liquidating stock company holds shares, through a distribution of dividends from surplus or residual assets (including equivalent acts)

with respect to the shares of that other corporation, etc. (including equity interests and any other equivalent interests; the same applies below in this Article);

(ii) if the liquidating stock company's shares are delivered to it by another corporation, etc. in which the liquidating stock company holds shares, in exchange for the shares of that other corporation, etc. on the occasion of the following acts by that other corporation, etc. with respect to those shares:

(a) entity conversion;

(b) merger;

(c) share exchange (including acts equivalent to share exchange based on laws and regulations other than the Act (including laws and regulations of a foreign country));

(d) acquisition of shares subject to call (including equivalent shares);

(e) acquisition of shares subject to class-wide call (including equivalent shares);

(iii) if the liquidating stock company's shares are delivered to it by another corporation, etc. in which the liquidating stock company holds share options, etc. in exchange for that other corporation, etc. acquiring its own share options, etc. based on the provisions of the share options, etc.;

(iv) if the liquidating stock company acquires its own shares in response to the exercise of appraisal rights (limited to those executed at merger) as prescribed in Article 785, paragraph (5) or Article 806, paragraph (5) of the Act (including the cases where these provisions are applied mutatis mutandis pursuant to other laws and regulations with regard to a stock company);

(v) if the liquidating stock company acquires its own shares in response to the exercise of appraisal rights (limited to those executed at the time of acts performed before the company became a liquidating stock company) as prescribed in Article 116, paragraph (5), Article 182-4, paragraph (4), or Article 469, paragraph (5), Article 785, paragraph (5), Article 797, paragraph (5), Article 806, paragraph (5), or Article 816-6, paragraph (5) of the Act (including the cases where these provisions are applied mutatis mutandis pursuant to other laws and regulations with regard to a stock company);

(vi) if there was a demand of appraisal rights under Article 192, paragraph (1) of the Act before the liquidating stock company became a liquidating stock company, and if the liquidating stock company acquires the stock under paragraph (2) of that Article related to the demand of appraisal rights.

## **Section 2 Special Liquidation**

(Total Amount of Assets)

Article 152 The method prescribed by Ministry of Justice Order as provided in Article 536, paragraph (1), item (ii) and item (iii), (a) of the Act is to treat as the total amount of assets of the stock company the amount recorded in the section on assets on the balance sheet prepared pursuant to the provisions of Article 492, paragraph (1) of the Act.

(Matters Determined in Callings of Creditors Meetings)

Article 153 The matters prescribed by Ministry of Justice Order as provided in Article 548, paragraph (1), item (iv) of the Act are as follows:

(i) the matters stated in reference documents for creditors meeting pursuant to the provisions of the following Article (excluding the matters stated in paragraph (1), item (i) of that Article);

(ii) the time limit on the exercise of voting rights in writing (limited to a time limit set on or after the date on which two weeks have passed from the date when a notice was issued under Article 549, paragraph (1) of the Act and also on or before the date and time of the creditors meeting) (meaning a meeting of creditors to which are applied the provisions of Part II, Chapter IX, Section 2, Subsection 8 of the Act; the same applies below in this Section);

(iii) if a single agreement claim creditor exercises voting rights in duplicate with respect to the same proposal pursuant to the provisions of Article 556, paragraph (1) of the Act (if the matters stated in Article 548, paragraph (1), item (iii) of the Act are prescribed, Article 556, paragraph (1) or Article 557, paragraph (1) of the Act), if matters regarding treatment of the exercise of voting rights by the agreement claim creditor are decided when the content of the exercise of voting rights with respect to the same proposal differs, those matters;

(iv) when the treatment under Article 155, paragraph (1), item (iii) is prescribed, the content of that treatment;

(v) if the matters stated in Article 548, paragraph (1), item (iii) are prescribed, the following matters:

(a) the time limit on the exercise of voting rights by electronic or magnetic means (limited to a time limit set on or after the date on which two weeks have passed from the date when a notice was issued under Article 549, paragraph (1) of the Act and also on or before the date and time of the creditors meeting);

(b) if it has been decided that voting forms (meaning the voting forms prescribed in that paragraph; the same applies below in this Section) are to be delivered (including provision by electronic or magnetic means under Article 550, paragraph (2) of the Act in lieu of the delivery) pursuant to the provisions of Article 550, paragraph (1) of the Act to an agreement claim creditor if a demand has been made by the agreement claim creditor who has given consent under Article 549, paragraph (2) of the Act, that fact.

(Reference Documents for Creditors Meeting)

Article 154 (1) The reference documents for creditors meeting must state the following matters:

(i) the matters prescribed pursuant to the provisions of Article 548, paragraph (2) or paragraph (3) regarding agreement claims that an agreement claim creditor to be delivered the reference documents for a creditors meeting holds;

(ii) proposals.

(2) In addition to the matters prescribed in the preceding paragraph, the reference documents for a creditors meeting may state matters recognized as helpful regarding the exercise of the voting rights of the agreement claim creditors.

(3) Among the matters to be stated in the reference documents for a creditors meeting provided to agreement claim creditors in relation to the same creditors meeting (limited to the matters stated in paragraph (1), item (ii)), if there are any matters that have been stated in other documents or that have been provided by electronic or magnetic means, those matters need not be stated in the reference documents for the creditors meeting.

(4) Among the matters to be included in the notice of calling provided to the agreement claim creditors in relation to the same creditors meeting (meaning a notice under Article 549, paragraph (1) or paragraph (2) of the Act; the same applies below in this Section), if there are any matters that have been stated in the reference documents for the creditors meeting, those matters need not be included in the content of the notice of calling.

(Voting Forms)

Article 155 (1) The matters to be stated on the voting forms to be delivered pursuant to the provisions of Article 550, paragraph (1) of the Act or the matters stated on the voting forms to be provided by electronic or magnetic means pursuant to the provisions of Article 551, paragraph (1) or paragraph (2) of the Act are as follows:

(i) a field to record consent (including abstention, if a field for abstention is provided) for each proposal;

(ii) if the matters stated in Article 153, item (iii) are prescribed, those matters;

(iii) if the matters stated in Article 153, item (iv) are prescribed, when a voting form lacking an entry in the field under item (i) has been submitted to the convener (meaning the convener pursuant to the provisions of Article 548, paragraph (1) of the Act; the same applies below in this Article), the details of the handling of the voting form as to whether it is an indication of manifestation of support, opposition, or abstention regarding each proposal;

(iv) the time limit on the exercise of voting rights;

(v) the name of an agreement claim creditor to exercise voting rights and matters prescribed pursuant to the provisions of Article 548, paragraph (2) and paragraph (3) of the Act with respect to the agreement claim creditor.

(2) If the matters stated in Article 153, item (v), (b) are prescribed, and if a demand has been made by an agreement claim creditor who has given consent under Article 549, paragraph (2) of the Act, the convener must deliver the voting forms under Article 550, paragraph (1) of the Act to the agreement claim creditor (including provision by electronic or magnetic means under Article 550, paragraph (2) of the Act in lieu of the delivery).

(3) Among the matters to be included in the notice of calling provided to the agreement claim creditors in relation to the same creditors meeting, if there are any matters that have been stated on the voting forms, those matters need not be included in the content of the notice of calling.

(4) Among the matters to be stated on the voting forms provided to the agreement claim creditors in relation to the same creditors meeting (limited to the matters stated in paragraph (1), item (ii) through item (iv)), if there are any matters that have been considered to be the content of the notice of calling, those matters need not be stated on the voting forms.

(Time Limit on the Exercise of Voting Rights in Writing)

Article 156 The time prescribed by Ministry of Justice Order as provided in Article 556, paragraph (2) of the Act is the time limit on the exercise of voting rights under Article 153, item (ii).

(Time Limit on the Exercise of Voting Rights by Electronic or Magnetic Means)

Article 157 The time prescribed by Ministry of Justice Order as provided in Article 557, paragraph (1) of the Act is the time limit on the exercise of voting rights under Article 153, item (v), (a).

(Minutes of Creditors Meetings)

Article 158 (1) The preparation of the minutes of creditors meeting under Article 561 of the Act is governed by the provisions of this Article.

(2) The minutes of creditors meeting must be prepared in writing or as electronic or magnetic records.

(3) The minutes of creditors meeting must include the following matters:

(i) the date, time, and place where the creditors meeting was held;

(ii) a summary of the progress of the agenda of the creditors meeting and the results of that meeting;

(iii) if an opinion is stated at a creditors meeting pursuant to the provisions of Article 559 of the Act, a summary of the content of that opinion;

(iv) if a report has been presented and an opinion has been stated to a creditors meeting pursuant to the provisions of Article 562 of the Act, a summary of the content of that report and opinion;

(v) the name of a liquidator in attendance at the creditors meeting;

(vi) the name of the chairperson of the creditors meeting, if any;

(vii) the name of the person who has performed duties related to the preparation of the minutes.

### **Part III Membership Companies**

#### **Chapter I Accounting**

Article 159 The matters to be prescribed by Ministry of Justice Order as provided in the following provisions are governed by the provisions of the Regulations on Corporate Accounting:

(i) Article 615, paragraph (1) of the Act;

- (ii) Article 617, paragraph (1) and paragraph (2) of the Act;
- (iii) Article 620, paragraph (2) of the Act;
- (iv) Article 623, paragraph (1) of the Act;
- (v) Article 626, paragraph (4), item (iv) of the Act;
- (vi) Article 631, paragraph (1) of the Act;
- (vii) Article 635, paragraph (2), paragraph (3), and paragraph (5) of the Act.

## **Chapter II Liquidation**

### **(Inventory of Property)**

Article 160 (1) The inventory of property to be prepared pursuant to the provisions of Article 658, paragraph (1) or Article 669, paragraph (1) or paragraph (2) of the Act is governed by the provisions of this Article.

(2) Regarding property that should be recorded in the inventory of property of the preceding paragraph, except if assigning the price of disposal of that property is too difficult, the price of disposal on the date on which the cases stated in the items of Article 644 of the Act are satisfied must be assigned. In this case, regarding the accounting books of the liquidating membership company, the price entered in the inventory of property is deemed as the acquisition value.

(3) The property inventory of paragraph (1) must be indicated in the categories of the sections stated below. In this case, the sections stated in item (i) and item (ii) may be subdivided into entries to which suitable names indicating their content are assigned:

- (i) assets;
- (ii) liabilities;
- (iii) net worth.

### **(Balance Sheet at the Start of Liquidation)**

Article 161 (1) The balance sheet to be prepared pursuant to the provisions of Article 658, paragraph (1) or Article 669, paragraph (1) or paragraph (2) of the Act is governed by the provisions of this Article.

(2) The balance sheet of the preceding paragraph must be prepared based on the inventory of property.

(3) The balance sheet under paragraph (1) must be indicated in the categories of sections stated below. In this case, the sections stated in item (i) and item (ii) may be subdivided into entries to which suitable names indicating their content are assigned:

- (i) assets;
- (ii) liabilities;
- (iii) net assets.

(4) If there are assets for which assigning the price of disposal is too difficult, the balance sheet of paragraph (1) must annotate the policy of property appraisal related to those assets.

## **Part IV Bonds**

## **Chapter I General Provisions**

### **(Subscription Requirements)**

Article 162 The matters prescribed by Ministry of Justice Order as provided in Article 676, item (xii) of the Act are as follows:

(i) if money is to be paid in installments in exchange for bonds for subscription, that fact and the amount paid in on each payment date (meaning the amount paid in as provided in Article 676, item (ix) of the Act);

(ii) if bonds for subscription are issued in conjunction with another company, that fact and the scope of each company's obligations;

(iii) if a contract is concluded for the contribution of property other than monies in lieu of monetary payment in exchange for bonds for subscription, the content of that contract;

(iv) if authority other than that of the bond administrator as provided in the Act is prescribed in a contract in relation to entrustment under Article 702 of the Act, the content of that authority;

(v) if as provided in the main clause of Article 711, paragraph (2) of the Act (including as applied mutatis mutandis pursuant to Article 714-7 of the Act following the deemed replacement of terms), the grounds as provided in the main clause of the that paragraph;

(vi) if all or a part of the authority to conduct the acts stated in the items of Article 714-4, paragraph (2) of the Act, or the authority other than that of the bond administration assistant as provided in the Act is prescribed in a contract in relation to entrustment under the provisions of Article 714-2 of the Act, the content of that authority;

(vii) the content of the provisions relating to a report under Article 714-4, paragraph (4) of the Act or the measure prescribed in that paragraph in a contract in relation to entrustment under the provisions of Article 714-2 of the Act;

(viii) if a bond for subscription is a trust bond, that fact and the matters necessary to specify the trust concerning the trust bond.

### **(Matters Disclosed to Persons Who Wish to Make an Offer)**

Article 163 The matters prescribed by Ministry of Justice Order as provided in Article 677, paragraph (1), item (iii) of the Act are as follows:

(i) if a bond administrator is prescribed, the name and address

(ii) if a bond administration assistant is prescribed, the name and address;

(iii) if a bond register administrator is prescribed, the name and address.

### **(Cases Where Persons Who Wish to Make an Offer Need Not Be Notified)**

Article 164 The cases prescribed by Ministry of Justice Order as provided in Article 677, paragraph (4) of the Act are as follows, in which the company provides the matters stated in each item of that paragraph to a person who wishes to make the offer under paragraph (1) of that Article:

(i) if the company provides the matters stated in the prospectus pursuant to the provisions of the Financial Instruments and Exchange Act by electronic or magnetic means;

(ii) if the company provides a prospectus or other equivalent document or other material based on the laws and regulations of a foreign country;

(iii) if, pursuant to a public notice based on the provisions of Article 11, paragraph (4) of the Long Term Credit Bank Act (Act No. 187 of 1952), the matters under each item of that paragraph are provided;

(iv) if, pursuant to a public notice based on the provisions of Article 36, paragraph (3) of the Shoko Chukin Bank Limited Act (Act No. 74 of 2007), the matters under each item of that paragraph are provided.

(Classes of Bonds)

Article 165 The matters prescribed by Ministry of Justice Order as provided in Article 681, item (i) of the Act are as follows:

(i) the interest rate of the bond;

(ii) the method of and due date for the redemption of the bond;

(iii) the method of and due date for the payment of the interest;

(iv) if a bond certificate is issued, that fact;

(v) if it is arranged that a bondholder may not make the demand under Article 698, in whole or in part, that fact;

(vi) if a bond administrator is not to be prescribed, that fact;

(vii) if it is arranged that a bond administrator may perform an act stated in Article 706, paragraph (1), item (ii) of the Act without a resolution of a bondholders meeting, that fact;

(viii) if a bond administration assistant is to be prescribed, that fact;

(ix) if bonds for subscription are issued in conjunction with another company, that fact and the scope of each company's obligations;

(x) if a bond administrator is prescribed, the name and address, and the content of the contract related to the entrustment under Article 702 of the Act;

(xi) if a bond administration assistant is prescribed, the name and address, and the content of the contract related to the entrustment under the provisions of Article 714-2 of the Act;

(xii) if a bond register administrator is prescribed, the name and address;

(xiii) if a bond is a secured bond, the matters stated in Article 19, paragraph (1), item (i), item (xi), and item (xiii) of the Secured Bond Trust Act (Act No. 52 of 1905);

(xiv) if a bond is a trust bond, the matters necessary to specify the trust concerning the trust bond.

(Matters to Be Entered in the Bond Registry)

Article 166 The matters prescribed by Ministry of Justice Order as provided in Article 681, item (vii) of the Act are as follows:

(i) if property other than money is delivered in lieu of the monetary payment in exchange for bonds for subscription, the value of that property and the date of delivery;

(ii) if the obligations of a bondholder to pay in money in exchange for a bond for subscription is set off against claims to the company, the amount of that claim and the date on which it was set off.

(Holders of Rights of Inspection)

Article 167 Persons prescribed by Ministry of Justice Order as provided in Article 684, paragraph (2) of the Act are bondholders and other creditors of a bond-issuing company, and shareholders or members of a bond-issuing company.

(Demand for Entry of Information Registered in the Bond Registry)

Article 168 (1) The cases prescribed by Ministry of Justice Order as provided in Article 691, paragraph (2) of the Act are as follows:

(i) if an acquirer of bonds has obtained a final and binding judgment against a person who is stated or recorded in the bond registry as a bondholder or a general successor of that person, and where the judgment orders that a demand be made under Article 691, paragraph (1) in relation to the bonds acquired by the acquirer of bonds, if the acquirer of bonds has provided documents or other materials verifying the content of the final and binding judgment when making the demand;

(ii) if an acquirer of bonds has provided a document or other materials verifying facts that have the same effect as the final and binding judgment under the preceding item when making the demand;

(iii) if an acquirer of bonds is a person who has acquired a company's bonds by general succession, and if that person has provided documents or other materials verifying the general succession when making the demand;

(iv) if an acquirer of bonds is a person who has acquired a company's bonds by auction, and if that person has provided documents or other materials verifying the acquisition by auction when making the demand.

(v) if an acquirer of bonds is a person who has acquired a company's bonds by a demand under Article 179, paragraph (3) of the Act, and the acquirer of bonds has made the demand.

(2) Notwithstanding the provisions of the preceding paragraph, where it has been provided that bond certificates are to be issued for the bonds acquired by the acquirer of bonds, the cases prescribed by Ministry of Justice Order as provided in the provisions of Article 691, paragraph (2) of the Act are as follows:

(i) if an acquirer of bonds presents the bond certificates when making a demand;

(ii) if an acquirer of bonds is a person who has acquired a company's bonds by a demand under Article 179, paragraph (3) of the Act, and the acquirer of bonds has made the demand.

## **Chapter II Bond Administrators**

(Cases Where Establishment of a Bond Administrator Is Not Required)

Article 169 The case prescribed by Ministry of Justice Order as provided in Article 702 of the Act is where the number obtained by dividing the total amount of bonds of a certain class (meaning the class as provided in Article 681, item (i) of the Act; the same applies below in this Article) by the smallest of the amounts of each bond of that class is less than 50.

(Qualifications of Bond Administrators)

Article 170 The persons prescribed by Ministry of Justice Order as provided in Article 703, item (iii) of the Act are as follows:

(i) a person who has received a license under Article 3 of the Secured Bonds Trust Act;

(ii) the Shoko Chukin Bank;

(iii) an agricultural cooperative or a federation of agricultural cooperatives concurrently engaged in the businesses of Article 10, paragraph (1), item (ii) and item (iii) of the Agricultural Co-operatives Act;

(iv) a credit cooperative, or a federation of cooperatives engaged in the business of Article 9-9, paragraph (1), item (i) of the Small and Medium-Sized Enterprise Cooperatives Act;

(v) Shinkin Bank or a federation of Shinkin Banks;

(vi) the Rokinren Bank;

(vii) a long term credit bank as provided in Article 2 of the Long Term Credit Bank Act;

(viii) an insurance company as provided in Article 2, paragraph (2) of the Insurance Business Act;

(ix) the Norinchukin Bank.

(Special Relationships)

Article 171 (1) The special relationships prescribed by Ministry of Justice Order as provided in Article 710, paragraph (2), item (ii) of the Act (including as applied mutatis mutandis pursuant to Article 712 of the Act) are the following relationships:

(i) the relationship between those who have voting rights exceeding 50 percent of the voting rights of all the members or all the shareholders of the corporation (referred to below as a "controlling member" in this Article) and the corporation (referred to below as a "controlled corporation" in this Article);

(ii) the relationship between a controlled corporation and another controlled corporation of a controlling member.

(2) If a controlling member and the controlled corporation together have voting rights exceeding 50 percent of the total voting rights of all the members or all the shareholders of another corporation, the relevant other corporation is also deemed to be a controlled corporation of that controlling member, and the provisions of the preceding paragraph apply.

(Qualifications of Bond Administration Assistant)

Article 171-2 The persons prescribed by Ministry of Justice Order as provided in Article 714-3 of the Act are as follows:

- (i) an attorney;
- (ii) a legal professional corporation; and
- (iii) a joint corporation of an attorney and a registered foreign lawyer.

### **Chapter III Bondholders Meetings**

(Matters Determined in Callings of Bondholders Meetings)

Article 172 The matters prescribed by Ministry of Justice Order as provided in Article 719, item (iv) of the Act are as follows:

(i) matters stated in the reference documents for a bondholders meeting pursuant to the provisions of the following paragraph;

(ii) the time limit on the exercise of voting rights in writing (limited to a time limit set on or after the date on which two weeks have passed from the date when a notice was issued under Article 720, paragraph (1) of the Act and also on or before the date and time of the bondholders meeting);

(iii) if a single bondholder exercises voting rights in duplicate with respect to the same proposal pursuant to the provisions of Article 726, paragraph (1) of the Act (if the matters stated in Article 719, item (iii) of the Act are prescribed, Article 726, paragraph (1) or Article 727, paragraph (1) of the Act), if matters regarding treatment of the exercise of voting rights by the bondholder are decided when the content of the exercise of voting rights with respect to the same proposal differs, those matters;

(iv) if the treatment under Article 174, paragraph (1), item (iii) is prescribed, the content of that treatment;

(v) if the matters stated in Article 719, item (iii) of the Act are prescribed, the following matters:

(a) the time limit on the exercise of voting rights by electronic or magnetic means (limited to a time limit set on or after the date on which two weeks have passed from the date when a notice was issued pursuant to Article 720, paragraph (1) of the Act and also on or before the date and time of the bondholders meeting);

(b) if it has been decided that voting forms (meaning the voting forms prescribed in that paragraph; the same applies below in this Chapter) are to be delivered (including provision by electronic or magnetic means under Article 721, paragraph (2) of the Act in lieu of the delivery) pursuant to the provisions of paragraph (1) of that Article to a bondholder if a demand has been made by the bondholder who has given consent under Article 720, paragraph (2) of the Act, that fact.

(Reference Documents for Bondholders Meeting)

Article 173 (1) The reference documents for bondholders meeting must state the following matters:

- (i) proposals and reasons for motions;

(ii) if a proposal is a proposal regarding the election of a representative bondholder, the following matters:

(a) the name of the candidate;

(b) brief biographical outline or corporate history of the candidate;

(c) if there is a special interest between a candidate and the bond-issuing company, the bond administrator, or the bond administration assistant, a summary of the that fact.

(2) In addition to the matters prescribed in the preceding paragraph, the reference documents for a bondholders meeting may state matters that are recognized as a reference regarding the exercise of voting rights by the bondholders.

(3) Among the matters to be stated in the reference documents for a bondholders meeting provided to the bondholders in relation to the same bondholder meeting, if there are any matters that have been stated in other documents or that have been provided by electronic or magnetic means, those matters need not be stated in the reference documents for the bondholders meeting.

(4) Among the matters to be included in the notice of calling provided to the bondholders in relation to the same bondholders meeting (meaning a notice under Article 720, paragraph (1) or paragraph (2) of the Act; the same applies below in this Chapter), if there are any matters that have been stated in the reference documents for the bondholders meeting, those matters need not be included in the content of the notice of calling.

(Voting Forms)

Article 174 (1) The matters to be stated on the voting forms to be delivered pursuant to the provisions of Article 721, paragraph (1) of the Act, or the matters stated on the voting forms provided by electronic or magnetic means pursuant to the provisions of Article 722, paragraph (1) or paragraph (2) of the Act are as follows:

(i) a field to record the support for or the opposition to (including abstention, if a field for abstention is provided) each proposal;

(ii) if the matters stated in Article 172, item (iii) are prescribed, those matters;

(iii) if the matters stated in Article 172, item (iv) are prescribed, when a voting form lacking an entry in the field under item (i) has been submitted to the convener (meaning the convener pursuant to the provisions of Article 719 of the Act; the same applies below in this Article), the details of the handling of the voting form as to whether it is an indication of manifestation of support, opposition, or abstention regarding each proposal;

(iv) the time limit on the exercise of voting rights;

(v) the name of a bondholder to exercise voting rights and the amount of exercisable voting rights.

(2) If the matters stated in Article 172, item (v), (b) are prescribed, and if a demand has been made by a bondholder who has given consent under Article 720,

paragraph (2) of the Act, the convener must deliver the voting forms under Article 721, paragraph (1) of the Act to the bondholder (including provision by electronic or magnetic means under paragraph (2) of that Article in lieu of the delivery).

(3) Among the matters to be stated on the voting forms provided to the bondholders in relation to the same bondholders meeting (limited to the matters stated in paragraph (1), item (ii) through item (iv)), if there are any matters that have been considered to be the content of the notice of calling, those matters need not be stated on the voting forms provided to the bondholders.

(4) Among the matters to be included in the notice of calling provided to the bondholders in relation to the same bondholders meeting, if there are any matters that have been stated on the voting forms, those matters need not be included in the content of the notice of calling provided to the bondholders.

(Time Limit on the Exercise of Voting Rights in Writing)

Article 175 The time prescribed by Ministry of Justice Order as provided in Article 726, paragraph (2) of the Act is the time limit on the exercise of voting rights under Article 172, item (ii).

(Time Limit on the Exercise of Voting Rights by Electronic or Magnetic Means)

Article 176 The time prescribed by Ministry of Justice Order as provided in Article 727, paragraph (1) of the Act is the time limit on the exercise of voting rights under Article 172, item (v), (a).

(Minutes of Bondholders Meetings)

Article 177 (1) The preparation of the minutes of bondholders meeting under Article 731, paragraph (1) of the Act is governed by the provisions of this Article.

(2) The minutes of bondholders meeting must be prepared in writing or as electronic or magnetic records.

(3) The minutes of bondholders meeting must include the following matters:

(i) the date, time, and place where the bondholders meeting was held;

(ii) a summary of the progress of the agenda of the bondholders meeting and the results of that meeting;

(iii) if an opinion is stated at a bondholders meeting pursuant to the provisions of Article 729, paragraph (1) of the Act, a summary of the content of that opinion;

(iv) the name of a representative or agent of the bond-issuing company in attendance at the bondholders meeting;

(v) the name of a representative or agent of a bond administrator, or the name of a bond administration assistant or that representative or agent in attendance at the bondholders meeting;

(vi) the name of the chairperson of the bondholders meeting, if any; and

(vii) the name of the person who has performed duties related to the preparation of the minutes.

(4) If a resolution at a bondholders meeting is deemed to have been made pursuant to the provisions of Article 735-2, paragraph (1) of the Act, the minutes of the bondholders meeting are to include the following matters:

(i) the content of the matters for which a resolution at the bondholders meeting is deemed to have been made;

(ii) the name of the person who has proposed the matters referred to in the preceding item;

(iii) the date on which a resolution at the bondholders meeting is deemed to have been made; and

(iv) the name of the person who has performed duties related to the preparation of the minutes.

## **Part V Entity Conversions, Mergers, Company Splits, Share Exchanges, Share Transfers, and Partial Share Exchanges**

### **Chapter I Absorption-Type Company Split Agreements and Incorporation-Type Company Split Plans**

#### **Section 1 Absorption-Type Company Split Agreements**

Article 178 The matters prescribed by Ministry of Justice Order as provided in Article 758, item (viii), (a) and Article 760, item (vii), (a) of the Act are as follows:

(i) the monies, etc. obtained by a stock company splitting in an absorption-type split from a company succeeding in the absorption-type split upon the absorption-type company split if the amount obtained by subtracting the amount stated in (b) from the amount stated in (a) is less than the amount stated in (c), and monies, etc. other than the shares, etc. of the succeeding company (meaning shares of the stock company succeeding in the absorption-type split or equity interest in the membership company succeeding in the absorption-type split; the same applies below in this item) delivered as the consideration for acquisition (meaning the consideration for acquisition as provided in Article 171, paragraph (1), item (i) of the Act; the same applies below in this Article) or dividend property pursuant to the provisions of Article 758, item (viii) or Article 760, item (vii) of the Act:

(a) the total amount of monies, etc. delivered to the shareholders of a stock company splitting in an absorption-type split as a result of the acts stated in Article 758, item (viii), (a) or (b) or Article 760, item (vii), (a) or (b) (in the case of the acts stated in Article 758, item (viii), (a) or Article 760, item (vii), (a) (referred to as the "specified share acquisition" in the following item), excluding shares of the stock company splitting in the absorption-type split delivered as consideration for acquisition);

(b) of the monies, etc. as provided in (a), the total amount of the value of the shares, etc. of the succeeding company;

(c) the amount obtained by multiplying the total amount of monies, etc. as provided in (a) by one-twentieth;

(ii) the shares of the stock company splitting in the absorption-type split delivered as the consideration for acquisition in the case of specified share acquisition.

### **Section 2 Incorporation-Type Company Split Plans**

Article 179 The matters prescribed by Ministry of Justice Order as provided in Article 763, paragraph (1), item (xii), (a) and Article 765, paragraph (1), item (viii), (a) of the Act are as follows:

(i) the monies, etc. obtained by a stock company splitting in an incorporation-type split from a company incorporated in the incorporation-type split upon the incorporation-type company split if the amount obtained by subtracting the amount stated in (b) from the amount stated in (a) is less than the amount stated in (c), and monies, etc. other than the shares, etc. of the incorporated company (meaning shares of the stock company incorporated in the incorporation-type split or equity interest in the membership company incorporated in the incorporation-type split; the same applies below in this item) delivered as the consideration for acquisition (meaning the consideration for acquisition as provided in Article 171, paragraph (1), item (i) of the Act; the same applies below in this Article) or dividend property pursuant to the provisions of Article 763, paragraph (1), item (xii) or Article 765, paragraph (1), item (viii) of the Act:

(a) the total amount of monies, etc. delivered to the shareholders of a stock company splitting in the incorporation-type split as a result of the acts stated in Article 763, paragraph (1), item (xii), (a) or (b) or Article 765, paragraph (1), item (viii), (a) or (b) (in the case of the acts stated in Article 763, paragraph (1), item (xii), (a) or Article 765, paragraph (1), item (viii), (a) (referred to as the "specified share acquisition" in the following item), excluding shares of the stock company splitting in the incorporation-type split delivered as consideration for acquisition);

(b) of the monies, etc. as provided in (a), the total amount of the value of the shares, etc. of the incorporated company;

(c) the amount obtained by multiplying the total amount of monies, etc. as provided in (a) by one-twentieth;

(ii) the shares of the stock company splitting in the incorporation-type split delivered as the consideration for acquisition in the case of specified share acquisition.

### **Chapter I-2 Offer to Transfer Shares of a Subsidiary Company Resulting from a Partial Share Exchange**

(Matters to Be Disclosed to Persons Who Wish to Make an Offer)

Article 179-2 (1) The matters prescribed by Ministry of Justice Order as provided in Article 774-4, paragraph (1), item (iii) of the Act (including as applied mutatis mutandis pursuant to Article 774-9 of the Act) are as follows:

(i) matters to be referenced regarding consideration for delivery;

(ii) matters related to the financial statements, etc. of the parent company resulting from a partial share exchange.

(2) In this Article, the term "consideration for delivery" means monies, etc. delivered by the parent company resulting from a partial share exchange, upon a partial share exchange, to the transferors of shares, share options (excluding those attached to bonds with share options; the same applies below in this Article), or bonds with share options of the subsidiary company resulting from a partial share exchange, as consideration for the shares, share options, or bonds with share options.

(3) The "matters to be referenced regarding consideration for delivery" as provided in paragraph (1), item (i) are the following matters and matters equivalent to them (if the person who wishes to make the offer referred to in Article 774-4, paragraph (1) of the Act (including as applied mutatis mutandis pursuant to Article 774-9 of the Act) have provided consent about not notifying all or a part of those matters, excluding any matters for which consent has been obtained):

(i) the following matters regarding the shares of the parent company resulting from a partial share exchange to be delivered as consideration for delivery:

(a) the provisions of the articles of incorporation of the parent company resulting from a partial share exchange;

(b) the following matters and other matters related to the method of conversion of the consideration for delivery into cash:

1. the market on which the consideration for delivery is traded;

2. the person acting as an intermediary, broker, or agency for trading in the consideration for delivery;

3. if a restriction exists on the transfer or other disposal of the consideration for delivery, the content of that restriction;

(c) if a market price exists for the consideration for delivery, matters regarding that market price;

(d) the content of the balance sheets of the parent company resulting from a partial share exchange for each business year the last day of which ended in the past five years (excluding the following business years):

1. the most recent business year;

2. if a public notice is given of the content of the balance sheet for a certain business year pursuant to the provisions of laws and regulations (including notices equivalent to the measures of Article 440, paragraph (3) of the Act), that business year;

3. if an annual securities report is submitted to the Prime Minister regarding the content of the balance sheet for a certain business year pursuant to the provisions of Article 24, paragraph (1) of the Financial Instruments and Exchange Act, that business year;

(ii) if a part of the consideration for delivery is a share, equity interest, or their equivalents of a corporation, etc. (excluding shares of the parent company resulting from a partial share exchange), the following matters (if the matters have been indicated in a language other than Japanese, the matters (excluding names) indicated in Japanese):

(a) the provisions of the articles of incorporation or their equivalents of the corporation, etc.;

(b) if the corporation, etc. is not a company, the content of the rights equivalent to the following rights and other rights (excluding those that are not material) related to the consideration for delivery:

1. the right to receive dividends from surplus;
2. the right to receive distributions of residual assets;
3. voting rights at the shareholders meeting;
4. if a merger or other acts are carried out, the right to demand the purchase at a fair price of shares held by the holder of the right;
5. the right to demand to inspect or copy the articles of incorporation or other materials (if the materials have been prepared as electronic or magnetic records, materials that indicate the matters recorded in the electronic or magnetic records);

(c) if the corporation, etc. is deemed to have provided with information using a language other than Japanese to the shareholders, members, or other equivalent persons (referred to below as "shareholders, etc." in this item, Article 182, paragraph (4), item (ii), and Article 184, paragraph (4), item (ii)), that language;

(d) the total number of voting rights or other equivalent rights projected to be held by shareholders, etc. of the corporation, etc. if a shareholders meeting of the corporation, etc. or an equivalent meeting is deemed to have been held on the date on which the partial share exchange becomes effective;

(e) if the corporation, etc. has not registered (if the corporation, etc. is established under the laws and regulations of a foreign country, limited to the registration of a foreign company of Article 933, paragraph (1) of the Act or the registration of a foreign corporation of Article 2 of the Act on Registration of Foreign Corporations and Registration of Matrimonial Property Contracts), the following matters:

1. the name and address of the person representing the corporation, etc.;
2. the name of the officer of the corporation, etc. (excluding the person listed in 1. above);

(f) the content of financial statements (if the most recent business year is not available, the balance sheet on the date of formation of the corporation, etc.) or matters equivalent to it for the most recent business year of the corporation, etc. (if the corporation, etc. is other than a company, the equivalent of the most recent business year; the same applies below in this item) (including a summary of the content of any audit report or any other report equivalent to it if the financial statements or any equivalent documents have been audited by a company auditor,

audit and supervisory committee, audit committee, financial auditor, or an equivalent authority);

(g) the matters stated below in accordance with the categories of the cases stated below:

1. if the corporation, etc. is a stock company: the content of the business report for the most recent business year of the corporation, etc. (including the content of any audit report if the business report has been audited by a company auditor, audit and supervisory committee, or audit committee);

2. if the corporation, etc. is other than a stock company: a summary of the content of matters equivalent to the matters stated in the items of Article 118 and the items of Article 119 for the most recent business year of the corporation, etc. (including a summary of an audit report or any other report equivalent to it, if the matters have been audited by a company auditor, audit and supervisory committee, or audit committee or an equivalent authority);

(h) the content of the balance sheets or equivalent documents of the corporation, etc. for each business year the last day of which ended in the past five years (excluding the following business years):

1. the most recent business year;

2. if a public notice is given of the content of the balance sheet or matters equivalent to that for a certain business year pursuant to the provisions of laws and regulations (including notices equivalent to the measures of Article 440, paragraph (3) of the Act), that business year;

3. if an annual securities report is submitted to the Prime Minister regarding the content of the balance sheet or matters equivalent to that for a certain business year pursuant to the provisions of Article 24, paragraph (1) of the Financial Instruments and Exchange Act, that business year;

(i) the matters stated in (b) and (c) of the preceding item;

(j) if a refund can be received for the consideration for delivery by acquisition of treasury shares, refund of equity interest, or another equivalent method, the matters on the related procedures;

(iii) if a part of the consideration for delivery is a bond, share option, or bond with share options of the parent company resulting from a partial share exchange, the matters stated in (b) and (c) of item (i);

(iv) if a part of the consideration for delivery is a bond, share option, bond with share options, or their equivalents of a corporation, etc. (excluding a bond, share option, or bond with share options of the parent company resulting from a partial share exchange), the following matters (if the matters have been indicated in a language other than Japanese, the matters (excluding names) indicated in Japanese):

(a) the matters stated in (b) and (c) of item (i);

(b) the matters stated in (a) and (e) through (h) of item (ii);

(v) if a part of the consideration for delivery is a share, equity interest, bond, share option, bond with share options, or their equivalents and property other than monies of the parent company resulting from a partial share exchange or another corporation, etc., the matters stated in (b) and (c) of item (i).

(4) The "matters related to financial statements, etc. of the parent company resulting from a partial share exchange" as provided in paragraph (1), item (ii) are the following matters:

(i) the content of financial statements, etc. for the most recent business year (if the most recent business year is not available, the balance sheet on the date of the formation of the parent company resulting from a partial share exchange);

(ii) if there is a provisional financial statement, etc. that has a date after the last day of the most recent business year (if the most recent business year is not available, the date of formation of the parent company resulting from a partial share exchange; the same applies in the following item) specified as the provisional account closing date (if there are two or more provisional account closing dates, the latest date), the content of the provisional financial statement, etc.;

(iii) if disposal of important property, burden of major obligations, or any other event that has a material impact on the status of company property occurs after the last day of the most recent business year, the content of that event.

(Cases Where Persons Who Wish to Make an Offer Need Not Be Notified)

Article 179-3 The cases prescribed by Ministry of Justice Order as provided in Article 774-4 (including as applied mutatis mutandis pursuant to Article 774-9 of the Act; the same applies below in this Article), paragraph (4) of the Act are the following cases, in which the parent company resulting from a partial share exchange provides the matters stated in each item of Article 774-4, paragraph (1) of the Act to a person who wishes to make the offer under that paragraph:

(i) if the parent company resulting from a partial share exchange provides matters to be stated in the prospectus pursuant to the provisions of the Financial Instruments and Exchange Act by electronic or magnetic means;

(ii) if the parent company resulting from a partial share exchange provides a prospectus or other equivalent document or other material pursuant to the laws and regulations of a foreign country.

## **Chapter II Procedures for a Stock Company Effecting an Entity Conversion**

(Matters to Be Disclosed in Advance by a Stock Company Effecting an Entity Conversion)

Article 180 The matters prescribed by Ministry of Justice Order as provided in Article 775, paragraph (1) of the Act are as follows:

(i) if a stock company effecting an entity conversion issues share options, matters regarding adequacy of the provisions concerning the matters stated in Article 744, paragraph (1), item (vii) and item (viii) of the Act;

(ii) if the most recent business year for a stock company effecting an entity conversion is not available, the balance sheet on the date of formation of the stock company effecting the entity conversion;

(iii) matters related to prospects for performance of obligations of a membership company after entity conversion;

(iv) if a change occurs in the matters stated in the preceding three items after the date on which the entity conversion plan began to be kept as provided in Article 775, paragraph (2) of the Act, the matters after the change.

(Matters Related to Financial Statements)

Article 181 The matters prescribed by Ministry of Justice Order as provided in Article 779, paragraph (2), item (ii) of the Act are the matters prescribed in each of the following items, in accordance with the categories of cases stated below on the date of a public notice as provided in the provisions of that paragraph or the date of a demand as provided in the provisions of that paragraph, whichever comes earlier:

(i) if a stock company effecting an entity conversion has given a public notice under the provisions of Article 440, paragraph (1) or paragraph (2) of the Act with regard to the balance sheet for the most recent business year or a summary of that balance sheet: the following:

(a) if a public notice has been given in the Official Gazette, the date of the Official Gazette and the page on which the public notice was published;

(b) if a public notice has been given through publication in a daily newspaper that publishes matters related to current affairs, the name and date of the daily newspaper and the page on which the public notice was published;

(c) if a public notice has been given by electronic public notice, the matters stated in Article 911, paragraph (3), item (xxviii), (a) of the Act;

(ii) if a stock company effecting an entity conversion takes the measures prescribed in Article 440, paragraph (3) of the Act with regard to the balance sheet for the most recent business year: the matters stated in Article 911, paragraph (3), item (xxvi) of the Act;

(iii) if a stock company effecting an entity conversion is a stock company prescribed in Article 440, paragraph (4) of the Act, and if the stock company submits an annual securities report for the most recent business year pursuant to the provisions of Article 24, paragraph (1) of the Financial Instruments and Exchange Act: that fact;

(iv) if the provisions of Article 440 of the Act are not applied to a stock company effecting an entity conversion pursuant to the provisions of Article 28 of the Act on the Arrangement of Relevant Acts Incidental to the Enforcement of the Companies Act (Act No. 87 of 2005): that fact;

(v) if the most recent business year for a stock company effecting an entity conversion is not available: that fact;

(vi) if a stock company effecting an entity conversion is a liquidating stock company: that fact;

(vii) in cases other than the cases stated in the preceding items: the content of a summary of the balance sheet for the most recent business year under Part VI, Chapter II of the Regulations on Corporate Accounting.

**Chapter III Procedures for Stock Companies Disappearing in Absorption-Type Mergers, Stock Companies Splitting in Absorption-Type Splits, and Wholly Owned Subsidiary Companies Resulting from the Share Exchanges**

(Matters to Be Disclosed in Advance by Stock Companies Disappearing in Absorption-Type Mergers)

Article 182 (1) The matters prescribed by Ministry of Justice Order as provided in Article 782, paragraph (1) of the Act are as follows if a disappearing stock company, etc. as provided in that paragraph is a stock company disappearing in an absorption-type merger:

- (i) matters regarding adequacy of the consideration for the merger;
- (ii) matters of reference regarding the consideration for the merger;
- (iii) matters regarding adequacy of the provisions for share options related to the absorption-type merger;
- (iv) matters related to financial statements, etc.;
- (v) matters related to prospects for performance of obligations of the company surviving the absorption-type merger on or after the date on which the absorption-type merger becomes effective (limited to obligations borne to a creditor able to state an objection regarding the absorption-type merger pursuant to the provisions of Article 789, paragraph (1) of the Act);

(vi) if a change occurs in the matters stated in the preceding items after the date on which the absorption-type merger agreement, etc. began to be kept (meaning the date on which the absorption-type merger agreement, etc. began to be kept as provided in Article 782, paragraph (2) of the Act; the same applies below in this Chapter), the matters after the change.

(2) In this Article, the term "consideration for the merger" means monies, etc. delivered to the shareholders of the stock company disappearing in an absorption-type merger by the company surviving the absorption-type merger upon the absorption-type merger in lieu of the shares held by the shareholders.

(3) The "matters regarding adequacy of the consideration for the merger" as provided in paragraph (1), item (i) are the matters regarding adequacy of the provisions concerning the following matters and other matters stated in Article 749, paragraph (1), item (ii) and item (iii) or Article 751, paragraph (1), item (ii) through item (iv) of the Act (if those provisions do not exist, the fact that those provisions do not exist):

- (i) matters regarding adequacy of the total number or total amount of consideration for the merger;

(ii) the reason why the kind of property was selected as consideration for the merger;

(iii) if the company surviving an absorption-type merger and the stock company disappearing in the absorption-type merger are under common control (meaning that they are under common control as provided in Article 2, paragraph (3), item (xxxvi) of the Regulations on Corporate Accounting; the same applies below in this item and in Article 184), matters given due consideration so as not to harm the interests of the shareholders of the stock company disappearing in the absorption-type merger (excluding shareholders under common control with the stock company disappearing in the absorption-type merger) (if those matters do not exist, that fact).

(4) The "matters of reference regarding the consideration for the merger" as provided in paragraph (1), item (ii) are the matters prescribed in each of the following items and other matters equivalent to those, in accordance with the categories of cases stated below (if all the shareholders of the stock company disappearing in an absorption-type merger consent to not stating or recording all or a part of the matters in the document or electronic or magnetic record as provided in Article 782, paragraph (1) of the Act, excluding any matters for which consent has been given):

(i) if all or a part of the consideration for the merger is shares of or equity interest in the company surviving the absorption-type merger: the following matters:

(a) the provisions of the articles of incorporation of the company surviving the absorption-type merger;

(b) the following matters and other matters related to the method of conversion of the consideration for the merger into cash:

1. the market on which the consideration for the merger is traded;

2. the person acting as an intermediary, broker, or agency for trading in the consideration for the merger;

3. if a restriction exists on the transfer or other disposal of the consideration for the merger, the content of that restriction;

(c) if a market price exists for the consideration for the merger, matters regarding that market price;

(d) the content of the balance sheets of the company surviving the absorption-type merger for each business year the last day of which ended in the past five years (excluding the following business years):

1. the most recent business year;

2. if a public notice is given of the content of the balance sheet for a certain business year pursuant to the provisions of laws and regulations (including notices equivalent to the measures under Article 440, paragraph (3) of the Act), that business year;

3. if an annual securities report is submitted to the Prime Minister regarding the content of the balance sheet for a certain business year pursuant to the provisions of Article 24, paragraph (1) of the Financial Instruments and Exchange Act, that business year;

(ii) if all or a part of the consideration for the merger is a share, equity interest, or their equivalents of a corporation, etc. (excluding shares of or equity interest in the company surviving the absorption-type merger): the following matters (if the matters have been indicated in a language other than Japanese, the matters (excluding names) indicated in Japanese):

(a) the provisions of the articles of incorporation or their equivalents of the corporation, etc.;

(b) if the corporation, etc. is not a company, the content of rights equivalent to the following rights and other rights (excluding those that are not material) in relation to the consideration for the merger:

1. the right to receive dividends from surplus;
2. the right to receive distributions of residual assets;
3. voting rights at the shareholders meeting;
4. if a merger or other acts are carried out, the right to demand the purchase at a fair price of shares held by the holder of the right;
5. the right to demand to inspect or copy the articles of incorporation or other materials (if the materials have been prepared as electronic or magnetic records, materials that indicate the matters recorded in the electronic or magnetic records);

(c) if the corporation, etc. is deemed to have provided with information using a language other than Japanese to the shareholders, etc., that language;

(d) the total number of voting rights or other equivalent rights projected to be held by shareholders, etc. of the corporation, etc. if a shareholders meeting of the corporation, etc. or an equivalent meeting is deemed to have been held on the date on which the absorption-type merger becomes effective;

(e) if the corporation, etc. has not been registered (if the corporation, etc. is established under the laws and regulations of a foreign country, limited to the registration of a foreign company under Article 933, paragraph (1) of the Act or the registration of a foreign corporation under Article 2 of the Act on Registration of Foreign Corporations and Registration of Matrimonial Property Contracts), the following matters:

1. the name and address of the person representing the corporation, etc.;
2. the name of the officer of the corporation, etc. (excluding the person referred to in 1. above);

(f) the content of financial statements (if the most recent business year is not available, the balance sheet on the date of formation of the corporation, etc.) or matters equivalent to it for the most recent business year of the corporation, etc. (if the corporation, etc. is other than a company, the equivalent of the most recent

business year; the same applies below in this item) (including a summary of the content of any audit report or any other report equivalent to it if the financial statements or any equivalent documents have been audited by a company auditor, audit and supervisory committee, audit committee, financial auditor, or an equivalent authority);

(g) the matters stated below in accordance with the categories of the cases stated below:

1. if the corporation, etc. is a stock company: the content of the business report for the most recent business year of the corporation, etc. (including the content of any audit report if the business report has been audited by a company auditor, audit and supervisory committee, or audit committee);

2. where the corporation, etc. is other than a stock company: a summary of the content of matters equivalent to the matters stated in the items of Article 118 and the items of Article 119 for the most recent business year of the corporation, etc. (including a summary of an audit report or any other report equivalent to it, if the matters have been audited by a company auditor, audit and supervisory committee, audit committee or an equivalent authority);

(h) the content of the balance sheets or equivalent documents of the corporation, etc. for each business year the last day of which ended in the past five years (excluding the following business years):

1. the most recent business year;

2. if a public notice is given of the content of the balance sheet or matters equivalent to that for a certain business year pursuant to the provisions of laws and regulations (including notices equivalent to the measures under Article 440, paragraph (3) of the Act), that business year;

3. if an annual securities report is submitted to the Prime Minister regarding the content of the balance sheet or matters equivalent to that for a certain business year pursuant to the provisions of Article 24, paragraph (1) of the Financial Instruments and Exchange Act, that business year;

(i) the matters stated in (b) and (c) of the preceding item;

(j) if a refund can be received for the consideration for the merger by acquisition of treasury shares, refund of equity interest, or another equivalent method, the matters on the related procedures;

(iii) if all or a part of the consideration for the merger is a bond, share option, or bond with share options of the company surviving absorption-type merger: the matters stated in (a) through (d) of item (i);

(iv) if all or a part of the consideration for the merger is a bond, share option, bond with share options, or their equivalents of a corporation, etc. (excluding a bond, share option, or bond with share options of the company surviving the absorption-type merger): the following matters (if the matters have been indicated

in a language other than Japanese, the matters (excluding names) indicated in Japanese):

(a) the matters stated in (b) and (c) of item (i);

(b) the matters stated in (a) and (e) through (h) of item (ii);

(v) if all or a part of the consideration for the merger is a share, equity interest, bond, share option, bond with share options, or their equivalents and property other than monies of the company surviving the absorption-type merger or another corporation, etc.: the matters stated in (b) and (c) of item (i).

(5) The "matters regarding adequacy of the provisions for share options related to the absorption-type merger" as provided in paragraph (1), item (iii) are the matters regarding adequacy of the provisions prescribed in each of the following items, in accordance with the categories of cases stated below:

(i) if the company surviving the absorption-type merger is a stock company: provisions concerning the matters stated in Article 749, paragraph (1), item (iv) and item (v) of the Act;

(ii) if the company surviving the absorption-type merger is a membership company: provisions concerning the matters stated in Article 751, paragraph (1), item (v) and item (vi) of the Act.

(6) The "matters related to financial statements, etc." as provided in paragraph (1), item (iv) are the following matters:

(i) the following matters regarding a company surviving an absorption-type merger:

(a) the content of financial statements, etc. for the most recent business year (if the most recent business year is not available, the balance sheet on the date of the formation of the company surviving the absorption-type merger);

(b) if there is a provisional financial statement, etc. that has a date after the last day of the most recent business year (if the most recent business year is not available, the date of formation of the company surviving the absorption-type merger; the same applies in (c) below) specified as the provisional account closing date (if there are two or more provisional account closing dates, the latest date), the content of the provisional financial statement, etc.;

(c) if disposal of important property, burden of major obligations, or any other event that has a material impact on the status of company property occurs after the last day of the most recent business year, the content of that event (limited to the content of events occurring after the last day of any new most recent business year if the new most recent business year comes in the interval from after the date on which the absorption-type merger agreement, etc. began to be kept, until the date on which the absorption-type merger becomes effective);

(ii) the following matters regarding the stock company disappearing in the absorption-type merger (excluding a liquidating stock company; the same applies below in this item):

(a) if disposal of important property, burden of major obligations, or any other event that has a material impact on the status of company property occurs at a stock company disappearing in an absorption-type merger after the last day of the most recent business year (if the most recent business year is not available, the date of formation of the stock company disappearing in the absorption-type merger), the content of that event (limited to the content of events occurring after the last day of any new most recent business year if the new most recent business year comes in the interval from after the date on which the absorption-type merger agreement, etc. began to be kept, until the date on which the absorption-type merger becomes effective);

(b) if the most recent business year for a stock company disappearing in an absorption-type merger is not available, the balance sheet on the date of formation of the stock company disappearing in the absorption-type merger.

(Matters to Be Disclosed in Advance for Stock Companies Splitting in Absorption-Type Splits)

Article 183 The matters prescribed by Ministry of Justice Order as provided in Article 782, paragraph (1) of the Act are as follows if the disappearing stock company, etc. as provided in that paragraph is a stock company splitting in an absorption-type split:

(i) matters regarding adequacy of the provisions prescribed in (a) or (b) below, in accordance with the categories of the cases stated in (a) or (b) (if those provisions do not exist, the fact that those provisions do not exist):

(a) if the company succeeding in the absorption-type split is a stock company: provisions concerning the matters stated in Article 758, item (iv) of the Act;

(b) if the company succeeding in the absorption-type split is a membership company: provisions concerning the matters stated in Article 760, item (iv) and item (v) of the Act;

(ii) if the matters stated in Article 758, item (viii) or Article 760, item (vii) of the Act are prescribed, the following matters:

(a) if the resolution under Article 171, paragraph (1) of the Act is adopted in the case the acts stated in Article 758, item (viii), (a) or Article 760, item (vii), (a) of the Act are performed, the matters stated in each item of that paragraph;

(b) if the resolution under Article 454, paragraph (1) of the Act is adopted in the case the acts stated in Article 758, item (viii), (b) or Article 760, item (vii), (b) of the Act are performed, the matters stated in item (i) and item (ii) of that paragraph;

(iii) if the company succeeding in the absorption-type split is a stock company and the stock company splitting in the absorption-type split has issued the share options prescribed in Article 787, paragraph (3), item (ii) of the Act, matters concerning adequacy of the provisions regarding the matters stated in Article 758, item (v) and item (vi) of the Act (limited to matters related to the share options);

(iv) the following matters regarding the company succeeding in the absorption-type split:

(a) the content of financial statements, etc. for the most recent business year (if the most recent business year is not available, the balance sheet on the date of the formation of the company succeeding in the absorption-type split);

(b) if there is a provisional financial statement, etc. that has a date after the last day of the most recent business year (if the most recent business year is not available, the date of formation of the company succeeding in the absorption-type split; the same applies in (c) below) specified as the provisional account closing date (if there are two or more provisional account closing dates, the latest date), the content of the provisional financial statement, etc.;

(c) if disposal of important property, burden of major obligations, or any other event that has a material impact on the status of company property occurs after the last day of the most recent business year, the content of that event (limited to the content of events occurring after the last day of any new most recent business year if the new most recent business year comes in the interval from after the date on which the absorption-type merger agreement, etc. began to be kept, until the date on which the absorption-type company split becomes effective);

(v) the following matters concerning the stock company splitting in the absorption-type split (excluding a liquidating stock company; the same applies below in this item):

(a) if disposal of important property, burden of major obligations, or any other event that has a material impact on the status of company property occurs at a stock company splitting in the absorption-type split after the last day of the most recent business year (if the most recent business year is not available, the date of formation of the stock company splitting in the absorption-type split), the content of that event (limited to the content of events occurring after the last day of any new most recent business year if the new most recent business year comes in the interval from after the date on which the absorption-type merger agreement, etc. began to be kept, until the date on which the absorption-type company split becomes effective);

(b) if the most recent business year for the stock company splitting in the absorption-type split is not available, the balance sheet on the date of formation of the stock company splitting in the absorption-type split;

(vi) matters related to prospects for performance of obligations of the stock company splitting in the absorption-type split and obligations of the company succeeding in the absorption-type split on or after the date on which the absorption-type company split becomes effective (limited to the obligations that the stock company splitting in the absorption-type split had the company succeeding in the absorption-type split succeed to by the absorption-type company split);

(vii) if a change occurs in the matters stated in the preceding items during the interval from after the date on which the absorption-type merger agreement, etc. began to be kept until the date on which the absorption-type company split becomes effective, the matters after the change.

(Matters to Be Disclosed in Advance for Wholly Owned Subsidiary Companies Resulting from Share Exchanges)

Article 184 (1) The matters prescribed by Ministry of Justice Order as provided in Article 782, paragraph (1) of the Act are as follows if the disappearing stock company, etc. as provided in that paragraph is a wholly owned subsidiary company resulting from a share exchange:

(i) matters regarding adequacy of the consideration for the exchange;

(ii) matters of reference regarding the consideration for the exchange;

(iii) matters regarding adequacy of the provisions for share options related to a share exchange;

(iv) matters related to financial statements, etc.;

(v) if a creditor exists who is able to state an objection regarding the share exchange pursuant to the provisions of Article 789, paragraph (1) of the Act, matters related to prospects for performance of obligations of the wholly owning parent company resulting from a share exchange on or after the date on which the share exchange becomes effective (limited to obligations borne to the creditor);

(vi) if a change occurs in the matters stated in the preceding items during the interval from after the date on which the absorption-type merger agreement, etc. began to be kept until the date on which the share exchange becomes effective, the matters after the change.

(2) In this Article, the term "consideration for the exchange" means monies, etc. delivered to the shareholders of the wholly owned subsidiary company resulting from a share exchange by the wholly owning parent company resulting from a share exchange upon the share exchange in lieu of the shares held by the shareholders.

(3) The "matters regarding adequacy of the consideration for the exchange" as provided in paragraph (1), item (i) are the matters regarding adequacy of the provisions concerning the following matters and other matters in Article 768, paragraph (1), item (ii) and item (iii) of the Act and in Article 770, paragraph (1), item (ii) through item (iv) of the Act (if those provisions do not exist, the fact that those provisions do not exist):

(i) matters regarding adequacy of the total number or total amount of consideration for the exchange;

(ii) the reason why the kind of property was chosen as consideration for the exchange;

(iii) if the wholly owning parent company resulting from a share exchange and the wholly owned subsidiary company resulting from a share exchange are under common control, matters given due consideration so as not to harm the interests of

the shareholders of the wholly owned subsidiary company resulting from a share exchange (excluding shareholders under common control with the wholly owned subsidiary company resulting from a share exchange) (if those matters do not exist, that fact).

(4) The "matters of reference regarding the consideration for the exchange" as provided in paragraph (1), item (ii) are the matters prescribed in each of the following items and other matters equivalent to those, in accordance with the categories of cases statrd below (if all the shareholders of the wholly owned subsidiary company resulting from a share exchange consent to not stating or recording all or a part of the matters in the document or electronic or magnetic record as provided in Article 782, paragraph (1) of the Act, excluding any matters for which consent has been given):

(i) if all or a part of the consideration for the exchange is shares of or equity interest in the wholly owning parent company resulting from a share exchange: the following matters:

(a) the provisions of the articles of incorporation of the wholly owning parent company resulting from a share exchange;

(b) the following matters and other matters related to the method of conversion of the consideration for the exchange into cash:

1. the market on which the consideration for the exchange is traded;

2. the person acting as an intermediary, broker, or agency for trading in the consideration for the exchange;

3. if a restriction exists on the transfer or other disposal of the consideration for the exchange, the content of that restriction;

(c) if a market price exists for the consideration for the exchange, matters regarding that market price;

(d) the content of the balance sheets of the wholly owning parent company resulting from a share exchange for each business year the last day of which ended in the past five years (excluding the following business years):

1. the most recent business year;

2. if a public notice is given of the content of the balance sheet for a certain business year pursuant to the provisions of laws and regulations (including notices equivalent to the measures under Article 440, paragraph (3) of the Act), that business year;

3. if an annual securities report is submitted to the Prime Minister regarding the content of the balance sheet for a certain business year pursuant to the provisions of Article 24, paragraph (1) of the Financial Instruments and Exchange Act, that business year;

(ii) if all or a part of the consideration for the exchange is a share, equity interest, or their equivalents of a corporation, etc. (excluding shares of or equity interest in the wholly owning parent company resulting from a share exchange): the following

matters (if the matters have been indicated in a language other than Japanese, the matters (excluding names) indicated in Japanese):

(a) the provisions of the articles of incorporation or their equivalents of the corporation, etc.;

(b) if the corporation, etc. is not a company, the content of rights equivalent to the following rights and other rights in relation to the consideration for the exchange (excluding those that are not material):

1. the right to receive dividends from surplus;

2. the right to receive distributions of residual assets;

3. voting rights at the shareholders meeting;

4. if a merger or other acts are carried out, the right to demand the purchase at a fair price of shares held by the holder of the right;

5. the right to demand to inspect or copy the articles of incorporation or other materials (if the materials have been prepared as electronic or magnetic records, materials that indicate the matters recorded in the electronic or magnetic records);

(c) if the corporation, etc. is deemed to have provided with information using a language other than Japanese to the shareholders, etc., that language;

(d) the total number of voting rights or other equivalent rights projected to be held by shareholders, etc. of the corporation, etc. if a shareholders meeting of the corporation, etc. or an equivalent meeting is deemed to have been held on the date on which the share exchange becomes effective;

(e) if the corporation, etc. has not been registered (if the corporation, etc. is established under the laws and regulations of a foreign country, limited to the registration of a foreign company under Article 933, paragraph (1) of the Act or registration of a foreign corporation under Article 2 of the Act on Registration of Foreign Corporations and Registration of Matrimonial Property Contracts), the following matters:

1. the name and address of the person representing the corporation, etc.;

2. the name of the officer of the corporation, etc. (excluding the person referred to in 1. above);

(f) the content of financial statements (if the most recent business year is not available, the balance sheet on the date of formation of the corporation, etc.) or matters equivalent to it for the most recent business year of the corporation, etc. (if the corporation, etc. is other than a company, the equivalent of the most recent business year; the same applies below in this item) (including a summary of the content of any audit report or any other report equivalent to it if the financial statements or any equivalent documents have been audited by a company auditor, audit and supervisory committee, audit committee, financial auditor, or an equivalent authority);

(g) the matters stated below in accordance with the categories of the cases stated below:

1. if the corporation, etc. is a stock company: the content of the business report for the most recent business year of the corporation, etc. (including the content of any audit report if the business report has been audited by a company auditor, audit and supervisory committee, or audit committee);

2. if the corporation, etc. is other than a stock company: a summary of the content of matters equivalent to the matters stated in the items of Article 118 and the items of Article 119 for the most recent business year of the corporation, etc. (including a summary of an audit report, or any other report equivalent to it, if those matters have been audited by a company auditor, audit and supervisory committee, audit committee or an equivalent authority);

(h) the content of the balance sheets or equivalent documents of the corporation, etc. for each business year the last day of which ended in the past five years (excluding the following business years):

1. the most recent business year;

2. if a public notice is given of the content of the balance sheet or information equivalent to that for a certain business year pursuant to the provisions of laws and regulations (including notices equivalent to the measures under Article 440, paragraph (3) of the Act), that business year;

3. if an annual securities report is submitted to the Prime Minister regarding the content of the balance sheet or matters equivalent to that for a certain business year pursuant to the provisions of Article 24, paragraph (1) of the Financial Instruments and Exchange Act, that business year;

(i) the matters stated in (b) and (c) of the preceding item;

(j) if a refund can be received for the consideration for the exchange by acquisition of treasury shares, refund of equity interest, or another equivalent method, the matters on the related procedures;

(iii) if all or a part of the consideration for the exchange is a bond, share option, or bond with share options of the wholly owning parent company resulting from a share exchange: the matters stated in (a) through (d) of item (i);

(iv) if all or a part of the consideration for the exchange is a bond, share option, bond with share options, or their equivalents of a corporation, etc. (excluding a bond, share option, or bond with share options of a wholly owning parent company resulting from a share exchange): the following matters (if the matters have been indicated in a language other than Japanese, the matters (excluding names) indicated in Japanese):

(a) the matters stated in (b) and (c) of item (i);

(b) the matters stated in (a) and (e) through (h) of item (ii);

(v) if all or a part of the consideration for the exchange is a share, equity interest, bond, share option, bond with share options, or their equivalents and property other than monies of the wholly owning parent company resulting from a share exchange or another corporation, etc.: the matters stated in (b) and (c) of item (i).

(5) The "matters regarding adequacy of the provisions on share options related to a share exchange" as provided in paragraph (1), item (iii), if a wholly owned subsidiary company resulting from a share exchange issues the share options as provided in Article 787, paragraph (3), item (iii) of the Act (limited to cases where the wholly owning parent company resulting from a share exchange is a stock company), are the matters regarding adequacy of the provisions concerning the matters stated in Article 768, paragraph (1), item (iv) and item (v) of the Act (limited to matters related to the share options);

(6) The "matters related to financial statements, etc." as provided in paragraph (1), item (iv) are the following matters:

(i) the following matters regarding the wholly owning parent company resulting from a share exchange:

(a) the content of financial statements, etc. for the most recent business year (if the most recent business year is not available, the balance sheet on the date of the formation of the wholly owning parent company resulting from a share exchange);

(b) if there is a provisional financial statement, etc. that has a date after the last day of the most recent business year (if the most recent business year is not available, the date of formation of the wholly owning parent company resulting from a share exchange; the same applies in (c)) specified as the provisional account closing date (if there are two or more provisional account closing dates, the latest date), the content of the provisional financial statement, etc.;

(c) if disposal of important property, burden of major obligations, or any other event that has a material impact on the status of company property occurs after the last day of the most recent business year, the content of that event (limited to the content of events occurring after the last day of any new most recent business year if the new most recent business year comes in the interval from after the date on which the absorption-type merger agreement etc. began to be kept, until the date on which the share exchange becomes effective);

(ii) the following matters regarding a wholly owned subsidiary company resulting from a share exchange:

(a) if disposal of important property, burden of major obligations, or any other event that has a material impact on the status of company property occurs at the wholly owned subsidiary company resulting from a share exchange after the last day of the most recent business year (if the most recent business year is not available, the date of formation of the wholly owned subsidiary company resulting from a share exchange), the content of that event (limited to the content of events occurring after the last day of any new most recent business year if the new most recent business year comes in the interval from after the date on which the absorption-type merger agreement, etc. began to be kept, until the date on which the share exchange becomes effective);

(b) if the most recent business year for the wholly owned subsidiary company resulting from a share exchange is not available, the balance sheet on the date of formation of the wholly owned subsidiary company resulting from a share exchange.

(Equity Interest)

Article 185 The matters prescribed by Ministry of Justice Order as provided in Article 783, paragraph (2) of the Act are matters requiring consent of obligors or other third parties for transfer or exercise of rights (excluding equity interest in a membership company and shares with restriction on transfer).

(Shares with Restrictions on Transfer)

Article 186 The shares prescribed by Ministry of Justice Order as provided in Article 783, paragraph (3) of the Act are shares subject to call (limited to those for which the class of other shares in Article 108, paragraph (2), item (vi), (b) of the Act in relation to the shares subject to call are shares with restriction on transfer of a stock company prescribed in each relevant item) or share options subject to call (limited to those for which the shares in Article 236, paragraph (1), item (vii), (d) of the Act in relation to the shares options subject to call are shares with restriction on transfer of a stock company prescribed in each relevant item) of the stock company prescribed in each of the following items, in accordance with the categories of cases stated below:

(i) in the case of an absorption-type merger: the stock company surviving the absorption-type merger;

(ii) in the case of a share exchange: the wholly owning parent stock company resulting from a share exchange;

(iii) in the case of a consolidation-type merger: the stock company incorporated in the consolidation-type merger;

(iv) in the case of a share transfer: the wholly owning parent company incorporated in the share transfer.

(Total Amount of Assets)

Article 187 (1) The method prescribed by Ministry of Justice Order as provided in Article 784, paragraph (2) of the Act is to treat as the total amount of assets of a stock company splitting in an absorption-type split the amount obtained by subtracting the amount stated in item (x) from the total of the amounts stated in item (i) through item (ix) on the calculation reference date (meaning the date on which the absorption-type company split agreement was concluded (if a time other than the date on which the agreement was concluded is prescribed by the agreement, that time (limited to the interval from after the date on which the agreement was concluded until immediately before the time when the absorption-type company split becomes effective))); the same applies below in this Article):

(i) amount of stated capital;

(ii) amount of capital reserve;

(iii) amount of retained earnings reserve;

(iv) amount of surplus as provided in Article 446 of the Act;

(v) the amount of valuation and translation adjustments on the last day of the most recent business year (in the case as provided in Article 461, paragraph (2), item (ii) of the Act, the last day of the period under Article 441, paragraph (1), item (ii) of the Act (if there are two or more of those periods, the period the last day of which comes latest); the same applies below in this paragraph) (if the most recent business year is not available, the date of formation of the stock company splitting in the absorption-type split; the same applies below in this paragraph);

(vi) book value of share award rights;

(vii) book value of share options;

(viii) the amount recorded in the section on liabilities on the last day of the most recent business year;

(ix) if a succession to rights and obligations related to the business of another company occurs from an absorption-type merger or an absorption-type company split, or an acceptance of transfer of all the business of another company (including a foreign company) is performed after the last day of the most recent business year, the amount of liabilities succeeded to or accepted as a result of these acts;

(x) total book value of treasury shares and the stock company's own share options.

(2) Notwithstanding the provisions of the preceding paragraph, the method prescribed by Ministry of Justice Order as provided in Article 784, paragraph (2) of the Act if a stock company splitting in an absorption-type split is a liquidating stock company on the calculation reference date is to treat as the total amount of the assets of the stock company splitting in the absorption-type split the amount recorded in the section on assets on the balance sheet prepared pursuant to the provisions of Article 492, paragraph (1) of the Act.

(Matters Related to Financial Statements)

Article 188 The matters prescribed by Ministry of Justice Order as provided in Article 789, paragraph (2), item (iii) of the Act are the matters prescribed in each of the following items, in accordance with the categories of cases stated below on the date of a public notice as provided in the provisions of that paragraph or the date of a demand as provided in the provisions of that paragraph, whichever comes earlier:

(i) if a company subject to public notice with regard to the balance sheet for the most recent business year or a summary of that balance sheet (meaning the stock company referred to in Article 789, paragraph (2), item (iii) of the Act; the same applies below in this Article) has given a public notice under the provisions of Article 440, paragraph (1) or paragraph (2) of the Act: the following:

(a) if a public notice has been given in the Official Gazette, the date of the Official Gazette and the page on which the public notice was published;

(b) if a public notice has been given through publication in a daily newspaper that publishes matters related to current affairs, the name and date of the daily newspaper and the page on which the public notice was published;

(c) if a public notice has been given by electronic public notice, the matters stated in Article 911, paragraph (3), item (xxviii), (a) of the Act;

(ii) if the company subject to public notice takes the measures prescribed in the provisions of Article 440, paragraph (3) of the Act with regard to the balance sheet for the most recent business year: the matters stated in Article 911, paragraph (3), item (xxvi) of the Act;

(iii) if the company subject to public notice is a stock company prescribed in Article 440, paragraph (4) of the Act, and if the stock company submits an annual securities report for the most recent business year pursuant to the provisions of Article 24, paragraph (1) of the Financial Instruments and Exchange Act: that fact;

(iv) if the provisions of Article 440 of the Act are not applied to the company subject to public notice pursuant to the provisions of Article 28 of the Act on Arrangement of Relevant Acts Incidental to Enforcement of the Companies Act: that fact;

(v) if the most recent business year for the company subject to public notice is not available: that fact;

(vi) if the company subject to public notice is a liquidating stock company: that fact;

(vii) in cases other than the cases stated in the preceding items: the content of a summary of the balance sheet for the most recent business year under Part VI, Chapter II of the Regulations on Corporate Accounting.

(Matters to Be Disclosed Ex Post Facto by Stock Companies Splitting in Absorption-Type Splits)

Article 189 The matters prescribed by Ministry of Justice Order as provided in Article 791, paragraph (1), item (i) of the Act are as follows:

(i) the date on which the absorption-type company split becomes effective;

(ii) the following matters at the stock company splitting in the absorption-type split:

(a) the progress of procedures concerning the demand under Article 784-2 of the Act;

(b) the progress of procedures under Article 785, Article 787, and Article 789 of the Act;

(iii) the following matters at the company succeeding in the absorption-type split:

(a) the progress of procedures concerning the demand under Article 796-2 of the Act;

(b) the progress of procedures under Article 797 of the Act and Article 799 of the Act (including as applied mutatis mutandis pursuant to Article 802, paragraph (2) of the Act);

(iv) matters related to important rights and obligations succeeded to by the company succeeding in the absorption-type split from the stock company splitting in the absorption-type split due to the absorption-type company split;

(v) the date the change referred to in Article 923 of the Act was registered;

(vi) in addition to what is prescribed in the preceding items, important matters regarding the absorption-type company split.

(Matters to Be Disclosed Ex Post Facto by Wholly Owned Subsidiary Companies Resulting from Share Exchanges)

Article 190 The matters prescribed by Ministry of Justice Order as provided in Article 791, paragraph (1), item (ii) of the Act are as follows:

(i) the date on which the share exchange becomes effective;

(ii) the following matters at the wholly owned subsidiary company resulting from a share exchange:

(a) the progress of procedures concerning the demand under Article 784-2 of the Act;

(b) the progress of procedures under Article 785, Article 787, and Article 789 of the Act;

(iii) the following matters at the wholly owning parent company resulting from a share exchange:

(a) the progress of procedures concerning the demand under Article 796-2 of the Act;

(b) the progress of procedures under Article 797 of the Act and Article 799 of the Act (including as applied mutatis mutandis pursuant to Article 802, paragraph (2) of the Act);

(iv) the number of shares of the wholly owned subsidiary company resulting from a share exchange having been transferred to the wholly owning parent company resulting from a share exchange due to the share exchange (if the wholly owned subsidiary company resulting from a share exchange is a company with class shares, the classes of shares and the number of shares per class);

(v) in addition to what is prescribed in the preceding items, important matters regarding the share exchange.

**Chapter IV Procedures for Stock Companies Surviving Absorption-Type Mergers, Stock Companies Succeeding in Absorption-Type Splits, and Wholly Owning Parent Stock Companies Resulting from the Share Exchanges**

(Matters to Be Disclosed in Advance by Stock Companies Surviving Absorption-Type Mergers)

Article 191 The matters prescribed by Ministry of Justice Order as provided in Article 794, paragraph (1) of the Act are as follows if the surviving stock company, etc. as provided in that paragraph is a stock company surviving an absorption-type merger:

(i) matters regarding adequacy of the provisions concerning the matters stated in Article 749, paragraph (1), item (ii) and item (iii) of the Act (if those provisions do not exist, the fact that those provisions do not exist);

(ii) if the matters stated in Article 749, paragraph (1), item (iv) and item (v) of the Act are prescribed, matters regarding adequacy of the provisions concerning those matters (excluding any provisions indicating that the number of share options of the stock company surviving the absorption-type merger and the amount of money delivered to holders of share options of all share options are zero);

(iii) the following matters concerning a company disappearing in the absorption-type merger (excluding a liquidating stock company and liquidating membership company):

(a) the content of financial statements, etc. for the most recent business year (if the most recent business year is not available, the balance sheet on the date of formation of the company disappearing in the absorption-type merger);

(b) if there is a provisional financial statement, etc. that has a date after the last day of the most recent business year (if the most recent business year is not available, the date of formation of the company disappearing in the absorption-type merger; the same applies in (c)) specified as the provisional account closing date (if there are two or more provisional account closing dates, the latest date), the content of the provisional financial statement, etc.;

(c) if disposal of important property, burden of major obligations, or any other event that has a material impact on the status of company property occurs after the last day of the most recent business year, the content of that event (limited to the content of events occurring after the last day of any new most recent business year if the new most recent business year comes in the interval from after the date on which the absorption-type merger agreement, etc. began to be kept (meaning the date on which the absorption-type merger agreement, etc. began to be kept as provided in Article 794, paragraph (2) of the Act; the same applies below in this Chapter) until the date on which the absorption-type merger becomes effective);

(iv) the balance sheet prepared by the company disappearing in the absorption-type merger (limited to a liquidating stock company or liquidating membership company) pursuant to the provisions of Article 492, paragraph (1) or Article 658, paragraph (1), or Article 669, paragraph (1) or paragraph (2) of the Act;

(v) the following matters regarding the stock company surviving the absorption-type merger:

(a) if disposal of important property, burden of major obligations, or any other event that has a material impact on the status of company property occurs at the stock company surviving the absorption-type merger after the last day of the most recent business year (if the most recent business year is not available, the date of formation of the stock company surviving the absorption-type merger), the content of that event (limited to the content of events occurring after the last day of any

new most recent business year if the new most recent business year comes in the interval from after the date on which the absorption-type merger agreement, etc. began to be kept until the date on which the absorption-type merger becomes effective);

(b) if the most recent business year for the stock company surviving the absorption-type merger is not available, the balance sheet on the date of formation of the stock company surviving the absorption-type merger;

(vi) matters related to prospects for performance of obligations of the stock company surviving the absorption-type merger on or after the date on which the absorption-type merger becomes effective (limited to obligations borne to a creditor able to state an objection regarding the absorption-type merger pursuant to the provisions of Article 799, paragraph (1) of the Act);

(vii) if a change occurs in the matters stated in the preceding items during the interval from after the date on which the absorption-type merger agreement, etc. began to be kept until the date on which the absorption-type merger becomes effective, the matters after the change.

(Matters to Be Disclosed in Advance by Stock Companies Succeeding in Absorption-Type Splits)

Article 192 The matters prescribed by Ministry of Justice Order as provided in Article 794, paragraph (1) of the Act are as follows if the surviving stock company, etc. as provided in that paragraph is a stock company succeeding in an absorption-type split:

(i) matters regarding adequacy of the provisions concerning the matters stated in Article 758, item (iv) of the Act (if those provisions do not exist, the fact that those provisions do not exist);

(ii) if the matters stated in Article 758, item (viii) of the Act are prescribed, the following matters:

(a) if the resolution under Article 171, paragraph (1) of the Act is made in the case the acts stated in Article 758, item (viii), (a) of the Act are performed, the matters stated in each item of that paragraph;

(b) if the resolution under Article 454, paragraph (1) of the Act is made in the case the acts stated in Article 758, item (viii), (b) of the Act are performed, the matters stated in item (i) and item (ii) of that paragraph;

(iii) if the matters stated in Article 758, item (v) and item (vi) of the Act are prescribed, matters regarding adequacy of the provisions concerning those matters;

(iv) the following matters concerning the company splitting in the absorption-type split (excluding a liquidating stock company and liquidating membership company):

(a) the content of financial statements, etc. for the most recent business year (if the most recent business year is not available, the balance sheet on the date of formation of the company splitting in the absorption-type split);

(b) if there is a provisional financial statement, etc. that has a date after the last day of the most recent business year (if the most recent business year is not available, the date of formation of the company splitting in the absorption-type split; the same applies in (c)) specified as the provisional account closing date (if there are two or more provisional account closing dates, the latest date), the content of the provisional financial statement, etc.;

(c) if disposal of important property, burden of major obligations, or any other event that has a material impact on the status of company property occurs after the last day of the most recent business year, the content of that event (limited to the content of events occurring after the last day of any new most recent business year if the new most recent business year comes in the interval from after the date on which the absorption-type merger agreement, etc. began to be kept, until the date on which the absorption-type company split becomes effective);

(v) the balance sheet prepared by the company splitting in the absorption-type split (limited to a liquidating stock company or liquidating membership company) pursuant to the provisions of Article 492, paragraph (1) or Article 658, paragraph (1), or Article 669, paragraph (1) or paragraph (2) of the Act;

(vi) the following matters regarding a stock company succeeding in the absorption-type split:

(a) if disposal of important property, burden of major obligations, or any other event that has a material impact on the status of company property occurs at a stock company succeeding in the absorption-type split after the last day of the most recent business year (if the most recent business year is not available, the date of formation of the stock company succeeding in the absorption-type split), the content of that event (limited to the content of events occurring after the last day of any new most recent business year if the new most recent business year comes in the interval from after the date on which the absorption-type merger agreement, etc. began to be kept until the date on which the absorption-type company split becomes effective);

(b) if the most recent business year for a stock company succeeding in the absorption-type split is not available, the balance sheet on the date of formation of the stock company succeeding in the absorption-type split;

(vii) matters related to prospects for performance of obligations of the stock company succeeding in the absorption-type split on or after the date on which the absorption-type company split becomes effective (limited to obligations borne to a creditor able to state an objection regarding the absorption-type company split pursuant to the provisions of Article 799, paragraph (1) of the Act);

(viii) if a change occurs in the matters stated in the preceding items during the interval from after the date on which the absorption-type merger agreement, etc. began to be kept until the date on which the absorption-type company split becomes effective, the matters after the change.

(Matters to Be Disclosed in Advance by Wholly Owning Parent Stock Companies Resulting from the Share Exchanges)

Article 193 The matters prescribed by Ministry of Justice Order as provided in Article 794, paragraph (1) of the Act are as follows if the surviving stock company, etc. as provided in that paragraph is the wholly owning parent stock company resulting from a share exchange:

(i) matters regarding adequacy of the provisions concerning the matters stated in Article 768, paragraph (1), item (ii) and item (iii) of the Act (if those provisions do not exist, the fact that those provisions do not exist);

(ii) if the matters stated in Article 768, paragraph (1), item (iv) and item (v) of the Act are prescribed, the matters regarding adequacy of the provisions concerning those matters;

(iii) the following matters regarding the wholly owned subsidiary company resulting from a share exchange:

(a) the content of financial statements, etc. for the most recent business year (if the most recent business year is not available, the balance sheet on the date of formation of the wholly owned subsidiary company resulting from a share exchange);

(b) if there is a provisional financial statement, etc. that has a date after the last day of the most recent business year (if the most recent business year is not available, the date of formation of the wholly owned subsidiary company resulting from a share exchange; the same applies in (c)) specified as the provisional account closing date (if there are two or more provisional account closing dates, the latest date), the content of the provisional financial statement, etc.;

(c) if disposal of important property, burden of major obligations, or any other event that has a material impact on the status of company property occurs after the last day of the most recent business year, the content of that event (limited to the content of events occurring after the last day of any new most recent business year if the new most recent business year comes in the interval from after the date on which the absorption-type merger agreement, etc. began to be kept until the date on which the share exchange becomes effective);

(iv) the following matters regarding the wholly owning parent stock company resulting from a share exchange:

(a) if disposal of important property, burden of major obligations, or any other event that has a material impact on the status of company property occurs at the wholly owning parent stock company resulting from a share exchange after the last day of the most recent business year (if the most recent business year is not available, the date of formation of the wholly owning parent stock company resulting from a share exchange), the content of that event (limited to the content of events occurring after the last day of any new most recent business year if the new most recent business year comes in the interval from after the date on which the

absorption-type merger agreement, etc. began to be kept until the date on which the share exchange becomes effective);

(b) if the most recent business year for the wholly owning parent stock company resulting from a share exchange is not available, the balance sheet on the date of formation of the wholly owning parent stock company resulting from a share exchange;

(v) if a creditor exists who is able to state an objection regarding the share exchange pursuant to the provisions of Article 799, paragraph (1) of the Act, matters related to prospects for performance of obligations of the wholly owning parent stock company resulting from a share exchange on or after the date on which the share exchange becomes effective (limited to obligations borne to the creditor);

(vi) if a change occurs in the matters stated in the preceding items during the interval from after the date on which the absorption-type merger agreement, etc. began to be kept until the date on which the share exchange becomes effective, the matters after the change.

(Items Equivalent to the Shares of the Wholly Owning Parent Stock Company Resulting from a Share Exchange)

Article 194 The items prescribed by Ministry of Justice Order as provided in Article 794, paragraph (3) of the Act are monies, etc. other than the shares of the wholly owning parent stock company resulting from a share exchange delivered pursuant to the provisions of Article 768, paragraph (1), item (ii) and item (iii) of the Act if the amount obtained by subtracting the amount stated in item (ii) from the amount stated in item (i) is smaller than the amount stated in item (iii):

(i) the total amount of monies, etc. delivered to the shareholders of the wholly owned subsidiary company resulting from a share exchange;

(ii) of the monies, etc. as provided in the preceding item, the total amount of the value of shares of the wholly owning parent stock company resulting from a share exchange;

(iii) the amount obtained by multiplying the total amount of monies, etc. as provided in item (i) by one-twentieth.

(Amount of Assets)

Article 195 (1) The amount prescribed by Ministry of Justice Order as the amount of obligations as provided in Article 795, paragraph (2), item (i) of the Act is the amount obtained by subtracting the amount stated in item (ii) from the amount stated in item (i):

(i) the amount obtained by subtracting the amount to be entered in the accounting books regarding the shares, etc. under Article 795, paragraph (2), item (ii) of the Act (limited to a bond (excluding a bond held by a stock company surviving a absorption-type merger or a stock company succeeding in an absorption-type split immediately before the absorption-type merger or absorption-type company split)) from the amount to be recorded in the section on liabilities of the

balance sheet if the balance sheet of the stock company surviving an absorption-type merger or the stock company succeeding in the absorption-type split is deemed to have been prepared immediately after the absorption-type merger or absorption-type company split;

(ii) the amount to be recorded in the section on liabilities of the balance sheet if the balance sheet of a stock company surviving an absorption-type merger or a stock company succeeding in an absorption-type split is deemed to have been prepared immediately before the absorption-type merger or absorption-type company split.

(2) The amount prescribed by Ministry of Justice Order as the amount of assets as provided in Article 795, paragraph (2), item (i) of the Act is the amount obtained by subtracting the amount stated in item (ii) from the amount stated in item (i):

(i) the amount to be recorded in the section on assets of the balance sheet if the balance sheet of a stock company surviving an absorption-type merger or a stock company succeeding in an absorption-type split is deemed to have been prepared immediately after the absorption-type merger or absorption-type company split;

(ii) the amount obtained by subtracting the book value of the monies, etc. prescribed in Article 795, paragraph (2), item (ii) of the Act (including the bond held by a stock company surviving an absorption-type merger or the stock company succeeding in an absorption-type split immediately before the absorption-type merger or absorption-type company split, among the shares, etc. of that item) from the amount to be recorded in the section on assets of the balance sheet if the balance sheet of the stock company surviving the absorption-type merger or the stock company succeeding in the absorption-type split is deemed to have been prepared immediately before the absorption-type merger or absorption-type company split.

(3) Notwithstanding the provisions of the preceding paragraph, if a company disappearing in an absorption-type merger is a subsidiary company of the stock company surviving the absorption-type merger when the stock company surviving the absorption-type merger is a company to which consolidated dividend regulations apply, the amount prescribed by Ministry of Justice Order as the amount of assets as provided in Article 795, paragraph (2), item (i) of the Act is the higher of the following amounts:

(i) the amount obtained by subtracting the amount stated in paragraph (1), item (ii) from the amount stated in item (i) of that paragraph;

(ii) the amount obtained by subtracting the amount stated in item (ii) of the preceding paragraph from the amount stated in item (i) of that paragraph.

(4) Notwithstanding the provisions of paragraph (2), if a company splitting in an absorption-type split is a subsidiary company of the stock company succeeding in the absorption-type split when the stock company succeeding in the absorption-type split is a company to which consolidated dividend regulations apply, the amount

prescribed by Ministry of Justice Order as the amount of assets as provided in Article 795, paragraph (2), item (i) of the Act is the higher of the following amounts:

(i) the amount obtained by subtracting the amount stated in paragraph (1), item (ii) from the amount stated in item (i) of that paragraph;

(ii) the amount obtained by subtracting the amount stated in paragraph (2), item (ii) from the amount stated in item (i) of that paragraph.

(5) The amount prescribed by Ministry of Justice Order as provided in Article 795, paragraph (2), item (iii) of the Act is the amount obtained by subtracting the amount stated in item (iii) from the total of the amounts stated in item (i) and item (ii):

(i) the amount to be entered in the accounting books regarding shares of the wholly owned subsidiary company resulting from a share exchange that the wholly owning parent stock company resulting from a share exchange acquires through the share exchange;

(ii) the amount of goodwill recorded pursuant to the provisions of Article 11 of the Regulations on Corporate Accounting;

(iii) the amount of liabilities recorded pursuant to the provisions of Article 12 of the Regulations on Corporate Accounting (zero if the wholly owned subsidiary company resulting from a share exchange is a subsidiary company of the wholly owning parent stock company in the share exchange (limited to a company to which consolidated dividend regulations apply)).

(Amount of Net Assets)

Article 196 The method prescribed by Ministry of Justice Order as provided in Article 796, paragraph (2), item (ii) of the Act is to treat as the amount of the net assets of a surviving stock company, etc. (meaning surviving stock company, etc. as provided in Article 794, paragraph (1) of the Act; the same applies below in this Article) the amount (if the amount is less than five million yen, five million yen) obtained by subtracting the amount stated in item (viii) from the total of the amounts stated in item (i) through item (vii) on the calculation reference date (meaning the date on which the absorption-type merger agreement, the absorption-type company split agreement, or the share exchange agreement was concluded (if a time other than the date on which the relevant agreement was concluded is prescribed by the agreement, that time (limited to the interval from after the date on which the relevant agreement was concluded until immediately before the time when the absorption-type merger, absorption-type company split, or share exchange becomes effective))):

(i) amount of stated capital;

(ii) amount of capital reserve;

(iii) amount of retained earnings reserve;

(iv) amount of surplus as provided in Article 446 of the Act;

(v) the amount of valuation and translation adjustments on the last day of the most recent business year (in the case as provided in Article 461, paragraph (2), item (ii) of the Act, the period under Article 441, paragraph (1), item (ii) of the Act (if there are two or more of those periods, the period the last day of which comes latest)) (if the most recent business year is not available, the date of formation of the surviving stock company, etc.);

(vi) book value of share award rights;

(vii) book value of share options;

(viii) total book value of treasury shares and the stock company's own share options.

(Number of Shares)

Article 197 The number prescribed by Ministry of Justice Order as provided in Article 796, paragraph (3) of the Act is to be the smallest of the following numbers:

(i) the number obtained by adding one to the number obtained by multiplying the total number of specified shares (meaning the shares that entitle the shareholders to exercise their voting rights at the shareholders meeting in relation to the acts as provided in Article 796, paragraph (3) of the Act; the same applies below in this Article) by one-half (if the articles of incorporation specify that the shareholders holding voting rights at or above a certain ratio of the total number of voting rights for the specified shares must be in attendance as a requirement for the adoption of resolutions at the shareholders meeting, the relevant ratio) and then multiplying that result by one-third (if the articles of incorporation specify that a majority of at least a certain ratio of the total voting rights held by the specified shareholders (meaning shareholders that hold specified shares; the same applies below in this Article) in attendance at the shareholders meeting must approve as a requirement for the adoption of resolutions at the shareholders meeting, the ratio obtained by subtracting the relevant ratio from one);

(ii) if the articles of incorporation prescribe that approval of a certain number or more of specified shareholders is required as a requirement for the adoption of resolutions related to the acts as provided in Article 796, paragraph (3) of the Act, the number of specified shares held by specified shareholders who indicated opposition to those acts if the number obtained by subtracting the number of specified shareholders who indicated opposition to the acts to the stock company from the total number of specified shareholders is less than the prescribed number of specified shareholders;

(iii) if the articles of incorporation other than the provisions of the articles of incorporation of the preceding two items prescribe the requirement for adoption of resolutions related to the acts as provided in Article 796, paragraph (3) of the Act, the number of specified shares held by the specified shareholders who indicated opposition to the acts if the resolution cannot be adopted if all the specified

shareholders who indicated opposition to those acts dissent at the shareholders meeting as provided in that paragraph;

(iv) the number prescribed in the articles of incorporation.

(Items Equivalent to the Shares of the Wholly Owning Parent Stock Company Resulting from a Share Exchange)

Article 198 The items prescribed by Ministry of Justice Order as provided in Article 799, paragraph (1), item (iii) of the Act are monies, etc. other than the shares of the wholly owning parent stock company resulting from a share exchange delivered pursuant to the provisions of Article 768, paragraph (1), item (ii) and item (iii) of the Act if the amount obtained by subtracting the amount stated in item (ii) from the amount stated in item (i) is smaller than the amount stated in item (iii):

(i) the total amount of monies, etc. delivered to the shareholders of the wholly owned subsidiary company resulting from a share exchange;

(ii) of the monies, etc. as provided in the preceding item, the total amount of the value of shares of the wholly owning parent stock company resulting from a share exchange;

(iii) the amount obtained by multiplying the total amount of monies, etc. as provided in item (i) by one-twentieth.

(Matters Related to Financial Statements)

Article 199 The matters prescribed by Ministry of Justice Order as provided in Article 799, paragraph (2), item (iii) of the Act are the matters prescribed in each of the following items, in accordance with the categories of cases stated below on the date of public notice as provided in the provisions of that paragraph or the date of a demand as provided in the provisions of that paragraph, whichever comes earlier

(i) if a company subject to public notice with regard to the balance sheet for the most recent business year or a summary of that balance sheet (meaning the stock company referred to in Article 799, paragraph (2), item (iii) of the Act; the same applies below in this Article) has given a public notice under the provisions of Article 440, paragraph (1) or paragraph (2) of the Act: the following:

(a) if a public notice has been given in the Official Gazette, the date of that Official Gazette and the page on which the public notice was published;

(b) if a public notice has been given through publication in a daily newspaper that publishes matters related to current affairs, the name and date of the daily newspaper and the page on which the public notice was published;

(c) if a public notice has been given by electronic public notice, the matters stated in Article 911, paragraph (3), item (xxviii), (a) of the Act;

(ii) if the company subject to public notice takes the measures prescribed in the provisions of Article 440, paragraph (3) of the Act with regard to the balance sheet for the most recent business year: the matters stated in Article 911, paragraph (3), item (xxvi) of the Act;

(iii) if the company subject to public notice is a stock company prescribed in Article 440, paragraph (4) of the Act, and if the stock company submits an annual securities report for the most recent business year pursuant to the provisions of Article 24, paragraph (1) of the Financial Instruments and Exchange Act: that fact;

(iv) if the provisions of Article 440 of the Act are not applied to the company subject to public notice pursuant to the provisions of Article 28 of the Act on Arrangement of Relevant Acts Incidental to Enforcement of the Companies Act: that fact;

(v) if the most recent business year for the company subject to public notice is not available: that fact;

(vi) if the company subject to public notice is a liquidating stock company: that fact;

(vii) in cases other than the cases stated in the preceding items: the content of a summary of the balance sheet for the most recent business year under Part VI, Chapter II of the Regulations on Corporate Accounting.

(Matters to Be Disclosed Ex Post Facto by Stock Companies Surviving Absorption-Type Mergers)

Article 200 The matters prescribed by Ministry of Justice Order as provided in Article 801, paragraph (1) of the Act are as follows:

(i) the date on which the absorption-type merger becomes effective;

(ii) the following matters at the company disappearing in the absorption-type merger:

(a) the progress of procedures concerning the demand under Article 784-2 of the Act;

(b) the progress of procedures under Article 785 and Article 787 of the Act and Article 789 of the Act (including as applied mutatis mutandis pursuant to Article 793, paragraph (2) of the Act);

(iii) the following matters at the stock company surviving the absorption-type merger:

(a) the progress of procedures concerning the demand under Article 796-2 of the Act;

(b) the progress of procedures under Article 797 and Article 799 of the Act;

(iv) matters related to important rights and obligations succeeded to by the stock company surviving the absorption-type merger from the company disappearing in the absorption-type merger due to the absorption-type merger;

(v) matters stated or recorded in documents or electronic or magnetic records kept by the stock company disappearing in the absorption-type merger pursuant to the provisions of Article 782, paragraph (1) of the Act (excluding the content of the absorption-type merger agreement);

(vi) the date of registration of the changes referred to in Article 921 of the Act;

(vii) in addition to what is prescribed in the preceding items, important matters regarding the absorption-type merger.

(Matters to Be Disclosed Ex Post Facto by Stock Companies Succeeding in Absorption-Type Splits)

Article 201 The matters prescribed by Ministry of Justice Order as provided in Article 801, paragraph (2) of the Act are as follows:

- (i) the date on which the absorption-type company split becomes effective;
- (ii) the progress of procedures at the limited liability company splitting in the absorption-type split under Article 789 of the Act, as applied mutatis mutandis pursuant to Article 793, paragraph (2) of the Act;
- (iii) the following matters at the stock company succeeding in the absorption-type split:
  - (a) the progress of procedures concerning the demand under Article 796-2 of the Act;
  - (b) the progress of procedures under Article 797 and Article 799 of the Act;
  - (iv) matters related to important rights and obligations succeeded to by the stock company succeeding in the absorption-type split from the limited liability company splitting in the absorption-type split due to the absorption-type company split;
  - (v) the date of registration of the changes referred to in Article 923 of the Act;
  - (vi) in addition to what is prescribed in the preceding items, important matters regarding the absorption-type company split.

(Items Equivalent to the Shares of the Wholly Owing Parent Stock Company Resulting from a Share Exchange)

Article 202 The items prescribed by Ministry of Justice Order as provided in Article 801, paragraph (4) of the Act, as applied mutatis mutandis pursuant to paragraph (6) of that Article are monies, etc. other than the shares of the wholly owning parent stock company resulting from a share exchange delivered pursuant to the provisions of Article 768, paragraph (1), item (ii) and item (iii) of the Act if the amount obtained by subtracting the amount stated in item (ii) from the amount stated in item (i) is smaller than the amount stated in item (iii):

- (i) the total amount of monies, etc. delivered to the shareholders of the wholly owned subsidiary company resulting from a share exchange;
- (ii) of the monies, etc. as provided in the preceding item, the total amount of the value of shares of the wholly owning parent stock company resulting from a share exchange;
- (iii) the amount obtained by multiplying the total amount of monies, etc. as provided in item (i) by one-twentieth.

(Items Equivalent to the Equity Interest of the Wholly Owing Parent Limited Liability Company Resulting from a Share Exchange)

Article 203 The items prescribed by Ministry of Justice Order as provided in Article 799, paragraph (1), item (iii) of the Act, as applied mutatis mutandis

pursuant to Article 802, paragraph (2) of the Act are monies, etc. other than an equity interest of the wholly owning parent limited liability company resulting from a share exchange delivered pursuant to the provisions of Article 768, paragraph (1), item (ii) and item (iii) of the Act if the amount obtained by subtracting the amount stated in item (ii) from the amount stated in item (i) is smaller than the amount stated in item (iii):

(i) the total amount of monies, etc. delivered to the shareholders of the wholly owned subsidiary company resulting from a share exchange;

(ii) of the monies, etc. as provided in the preceding item, the total amount of the value of equity interest in the wholly owning parent limited liability company resulting from a share exchange;

(iii) the amount obtained by multiplying the total amount of monies, etc. as provided in item (i) by one-twentieth.

**Chapter V Procedures for Stock Companies Disappearing in Consolidation-Type Mergers, Stock Companies Splitting in Incorporation-Type Splits, and Wholly Owned Subsidiary Companies Resulting from Share Transfers**

(Matters to Be Disclosed in Advance by Stock Companies Disappearing in Consolidation-Type Mergers)

Article 204 The matters prescribed by Ministry of Justice Order as provided in Article 803, paragraph (1) of the Act are as follows if the disappearing stock company, etc. as provided in that paragraph is a stock company disappearing in a consolidation-type merger:

(i) matters regarding adequacy of the provisions prescribed in (a) or (b) below in accordance with the categories of the cases stated in (a) or (b):

(a) if the company incorporated in the consolidation-type merger is a stock company: provisions concerning the matters stated in Article 753, paragraph (1), item (vi) through item (ix) of the Act;

(b) if the company incorporated in the consolidation-type merger is a membership company: provisions concerning the matters stated in Article 755, paragraph (1), item (iv), item (vi) and item (vii) of the Act;

(ii) if all or a part of the stock companies disappearing in the consolidation-type merger have issued share options, the matters regarding adequacy of the provisions prescribed in (a) or (b) below, in accordance with the categories of the cases stated in (a) or (b):

(a) if the company incorporated in the consolidation-type merger is a stock company: provisions concerning the matters stated in Article 753, paragraph (1), item (x) and item (xi) of the Act;

(b) if the company incorporated in the consolidation-type merger is a membership company: provisions concerning the matters stated in Article 755, paragraph (1), item (viii) and item (ix) of the Act;

(iii) the following matters concerning another company disappearing in the consolidation-type merger (excluding a liquidating stock company and liquidating membership company; the same applies below in this item):

(a) the content of financial statements, etc. for the most recent business year (if the most recent business year is not available, the balance sheet on the date of formation of another company disappearing in the consolidation-type merger);

(b) if there is a provisional financial statement, etc. that has a date after the last day of the most recent business year (if the most recent business year is not available, the date of formation of another company disappearing in the consolidation-type merger) specified as the provisional account closing date (if there are two or more provisional account closing dates, the latest date), the content of the provisional financial statement, etc.;

(c) if disposal of important property, burden of major obligations, or any other event that has a material impact on the status of company property occurs at another company disappearing in the consolidation-type merger after the last day of the most recent business year (if the most recent business year is not available, the date of formation of another company disappearing in the consolidation-type merger), the content of that event (limited to the content of events occurring after the last day of any new most recent business year if the new most recent business year comes in the interval from after the date on which the consolidation-type merger agreement, etc. began to be kept (meaning the date on which the consolidation-type merger agreement, etc. began to be kept as provided in Article 803, paragraph (2) of the Act; the same applies below in this Chapter) until the date on which the consolidation-type merger becomes effective);

(iv) the balance sheet prepared by another company disappearing in the consolidation-type merger (limited to a liquidating stock company or liquidating membership company) pursuant to the provisions of Article 492, paragraph (1) or Article 658, paragraph (1), or Article 669, paragraph (1) or paragraph (2) of the Act;

(v) the following matters regarding the stock company disappearing in the consolidation-type merger (excluding a liquidating stock company; the same applies below in this item):

(a) if disposal of important property, burden of major obligations, or any other event that has a material impact on the status of company property occurs at the stock company disappearing in the consolidation-type merger after the last day of the most recent business year (if the most recent business year is not available, the date of formation of the stock company disappearing in the consolidation-type merger), the content of that event (limited to the content of events occurring after the last day of any new most recent business year if the new most recent business year comes in the interval from after the date the on which consolidation-type merger agreement, etc. began to be kept, etc. until the date on which the consolidation-type merger becomes effective);

(b) if the most recent business year for the stock company disappearing in the consolidation-type merger is not available, the balance sheet on the date of formation of the stock company disappearing in the consolidation-type merger;

(vi) matters related to prospects for performance of obligations of the company incorporated in the consolidation-type merger on or after the date on which the consolidation-type merger becomes effective (excluding obligations succeeded to from another company disappearing in the consolidation-type merger);

(vii) if a change occurs in the matters stated in the preceding items after the date on which the consolidation-type merger agreement, etc. began to be kept, the matters after the change.

(Matters to Be Disclosed in Advance by Stock Companies Splitting in Incorporation-Type Splits)

Article 205 The matters prescribed by Ministry of Justice Order as provided in Article 803, paragraph (1) of the Act are as follows if the disappearing stock company, etc. as provided in that paragraph is a stock company splitting in an incorporation-type split:

(i) matters regarding adequacy of the provisions prescribed in (a) or (b) below in accordance with the categories of the cases stated in (a) or (b):

(a) if the company incorporated in the incorporation-type split is a stock company: provisions concerning the matters stated in Article 763, paragraph (1), item (vi) through item (ix) of the Act;

(b) if the company incorporated in the incorporation-type split is a membership company: provisions concerning the matters stated in Article 765, paragraph (1), item (iii), item (vi), and item (vii) of the Act;

(ii) if the matters stated in Article 763, paragraph (1), item (xii) or Article 765, paragraph (1), item (viii) of the Act are prescribed, the following matters:

(a) if the resolution under Article 171, paragraph (1) is adopted in the case the acts stated in Article 763, paragraph (1), item (xii), (a) or Article 765, paragraph (1), item (viii), (a) of the Act are performed, the matters stated in each item of that paragraph;

(b) if the resolution under Article 454, paragraph (1) of the Act is adopted in the case the acts stated in Article 763, paragraph (1), item (xii), (b) or Article 765, paragraph (1), item (viii), (b) of the Act are performed, the matters stated in item (i) and item (ii) of that paragraph;

(iii) if the company incorporated in the incorporation-type split is a stock company and all or a part of the stock company splitting in the incorporation-type split has issued the share options prescribed in Article 808, paragraph (3), item (ii) of the Act, matters concerning adequacy of the provisions regarding the matters stated in Article 763, paragraph (1), item (x) and item (xi) of the Act (limited to matters related to the share options);

(iv) the following matters concerning another company splitting in the incorporation-type split (excluding a liquidating stock company and liquidating membership company; the same applies below in this item):

(a) the content of financial statements, etc. for the most recent business year (if the most recent business year is not available, the balance sheet on the date of formation of another company splitting in the incorporation-type split);

(b) if there is a provisional financial statement, etc. that has a date after the last day of the most recent business year (if the most recent business year is not available, the date of formation of another company splitting in the incorporation-type split) specified as the provisional account closing date (if there are two or more provisional account closing dates, the latest date), the content of the provisional financial statement, etc.;

(c) if disposal of important property, burden of major obligations, or any other event that has a material impact on the status of company property occurs at another company splitting in the incorporation-type split after the last day of the most recent business year (if the most recent business year is not available, the date of formation of another company splitting in the incorporation-type split), the content of that event (limited to the content of events occurring after the last day of any new most recent business year if the new most recent business year comes in the interval from after the date on which the consolidation-type merger agreement, etc. began to be kept until the date on which the incorporation-type company split becomes effective);

(v) the balance sheet prepared by another company splitting in the incorporation-type split (limited to a liquidating stock company or liquidating membership company) pursuant to the provisions of Article 492, paragraph (1) or Article 658, paragraph (1), or Article 669, paragraph (1) or paragraph (2) of the Act;

(vi) the following matters concerning the stock company splitting in the incorporation-type split (excluding a liquidating stock company; the same applies below in this item):

(a) if disposal of important property, burden of major obligations, or any other event that has a material impact on the status of company property occurs at the stock company splitting in the incorporation-type split after the last day of the most recent business year (if the most recent business year is not available, the date of formation of the stock company splitting in the incorporation-type split), the content of that event (limited to the content of events occurring after the last day of any new most recent business year if the new most recent business year comes in the interval from after the date on which the consolidation-type merger agreement, etc. began to be kept until the date on which the incorporation-type company split becomes effective);

(b) if the most recent business year for the stock company splitting in the incorporation-type split is not available, the balance sheet on the date of formation of the stock company splitting in the incorporation-type split;

(vii) matters related to prospects for performance of obligations of the stock company splitting in the incorporation-type split and obligations of the company incorporated in the incorporation-type split on or after the date on which the incorporation-type company split becomes effective (limited to the obligations which the stock company splitting in the incorporation-type split had the company incorporated in the incorporation-type split to succeed to by the incorporation-type company split);

(viii) if a change occurs in the matters stated in the preceding items during the interval from after the date on which the consolidation-type merger agreement, etc. began to be kept until the date on which the incorporation-type company split becomes effective, the matters after the change.

(Matters to Be Disclosed in Advance by Wholly Owned Subsidiary Companies Resulting from the Share Transfers)

Article 206 The matters prescribed by Ministry of Justice Order as provided in Article 803, paragraph (1) of the Act are as follows if the disappearing stock company, etc. as provided in that paragraph is the wholly owned subsidiary company resulting from a share transfer:

(i) matters regarding adequacy of the provisions concerning the matters stated in Article 773, paragraph (1), item (v) through item (viii) of the Act;

(ii) if all or some of the wholly owned subsidiary companies resulting from the share transfer have issued the share options prescribed in Article 808, paragraph (3), item (iii) of the Act, matters concerning adequacy of the provisions regarding the matters stated in Article 773, paragraph (1), item (ix) and item (x) of the Act (limited to matters related to the share options);

(iii) the following matters concerning another wholly owned subsidiary company resulting from the share transfer:

(a) the content of financial statements, etc. for the most recent business year (if the most recent business year is not available, the balance sheet on the date of formation of another wholly owned subsidiary company resulting from the share transfer);

(b) if there is a provisional financial statement, etc. that has a date after the last day of the most recent business year (if the most recent business year is not available, the date of formation of another wholly owned subsidiary company resulting from the share transfer) specified as the provisional account closing date (if there are two or more provisional account closing dates, the latest date), the content of the provisional financial statement, etc.;

(c) if disposal of important property, burden of major obligations, or any other event that has a material impact on the status of company property occurs at

another wholly owned subsidiary company resulting from the share transfer after the last day of the most recent business year (if the most recent business year is not available, the date of formation of another wholly owned subsidiary company resulting from the share transfer), the content of that event (limited to the content of events occurring after the last day of any new most recent business year if the new most recent business year comes in the interval from after the date on which the consolidation-type merger agreement, etc. began to be kept until the date on which the share transfer becomes effective);

(iv) the following matters concerning the wholly owned subsidiary company resulting from the share transfer:

(a) if disposal of important property, burden of major obligations, or any other event that has a material impact on the status of company property occurs at the wholly owned subsidiary company resulting from the share transfer after the last day of the most recent business year (if the most recent business year is not available, the date of formation of the wholly owned subsidiary company resulting from the share transfer), the content of that event (limited to the content of events occurring after the last day of any new most recent business year if the new most recent business year comes in the interval from after the date on which the consolidation-type merger agreement, etc. began to be kept until the day on which the share transfer becomes effective);

(b) if the most recent business year for the wholly owned subsidiary company resulting from the share transfer is not available, the balance sheet on the date of formation of the wholly owned subsidiary company resulting from the share transfer;

(v) if a creditor exists who is able to state an objection regarding the share transfer pursuant to the provisions of Article 810 of the Act, matters related to prospects for performance of obligations of the wholly owning parent company incorporated in a share transfer on or after the date on which the share transfer becomes effective (excluding obligations succeeded to from another wholly owned subsidiary company resulting from the share transfer, and limited to obligations borne to the creditor who is able to state an objection);

(vi) if a change occurs in the matters stated in the preceding items during the interval from after the date on which the consolidation-type merger agreement, etc. began to be kept until the date on which the share transfer becomes effective, the matters after the change.

(Amount of Total Assets)

Article 207 (1) The method prescribed by Ministry of Justice Order as provided in Article 805 of the Act is to treat as the total amount of assets of a stock company splitting in an incorporation-type split the amount obtained by subtracting the amount stated in item (x) from the total of the amounts stated in item (i) through item (ix) on the calculation reference date (meaning the date on which the

incorporation-type company split plan was prepared (if a time other than the date on which the incorporation-type company split plan was prepared is prescribed by the incorporation-type company split plan, that time (limited to the interval from after the date on which the incorporation-type company split plan was prepared until immediately before the time when the incorporation-type company split becomes effective)); the same applies below in this Article):

(i) amount of stated capital;

(ii) amount of capital reserve;

(iii) amount of retained earnings reserve;

(iv) amount of surplus as provided in Article 446 of the Act;

(v) the amount of valuation and translation adjustments on the last day of the most recent business year (in the case as provided in Article 461, paragraph (2), item (ii) of the Act, the last day of the period under Article 441, paragraph (1), item (ii) of the Act (if there are two or more of those periods, the period the last day of which comes latest); the same applies below in this paragraph) (if the most recent business year is not available, the date of formation of the stock company splitting in the incorporation-type split; the same applies below in this paragraph);

(vi) book value of share award rights;

(vii) book value of share options;

(viii) the amount recorded in the section on liabilities on the last day of the most recent business year;

(ix) if a succession to rights and obligations related to the business of another company occurs from an absorption-type merger or an absorption-type company split, or an acceptance of transfer of all the business of another company (including a foreign company) is performed after the last day of the most recent business year, the amount of liabilities succeeded to or accepted as a result of these acts;

(x) the total book value of treasury shares and the stock company's own share options.

(2) Notwithstanding the provisions of the preceding paragraph, the method prescribed by Ministry of Justice Order as provided in Article 805 of the Act if a stock company splitting in the incorporation-type split is a liquidating stock company on the calculation reference date is to treat as the total amount of assets of the stock company splitting in the incorporation-type split the amount recorded in the section on assets of the balance sheet prepared pursuant to the provisions of Article 492, paragraph (1) of the Act.

(Matters Related to Financial Statements)

Article 208 The matters prescribed by Ministry of Justice Order as provided in Article 810, paragraph (2), item (iii) of the Act are the matters prescribed in each of the following items, in accordance with the categories of cases stated below on the date of a public notice as provided in the provisions of that paragraph or the date of a demand as provided in the provisions of that paragraph, whichever comes earlier:

(i) if a company subject to public notice with regard to the balance sheet for the most recent business year or a summary of that balance sheet (meaning the stock company referred to in Article 810, paragraph (2), item (iii) of the Act; the same applies below in this Article) has given a public notice under the provisions of Article 440, paragraph (1) or paragraph (2) of the Act: the following:

(a) if a public notice has been given in the Official Gazette, the date of the Official Gazette and the page on which the public notice was published;

(b) if a public notice has been given through publication in a daily newspaper that publishes matters related to current affairs, the name and date of the daily newspaper and the page on which the public notice was published;

(c) if a public notice has been given by electronic public notice, the matters stated in Article 911, paragraph (3), item (xxviii), (a) of the Act;

(ii) if the company subject to public notice takes the measures prescribed in the provisions of Article 440, paragraph (3) of the Act with regard to the balance sheet for the most recent business year: the matters stated in Article 911, paragraph (3), item (xxvi) of the Act;

(iii) if the company subject to public notice is a stock company prescribed in Article 440, paragraph (4) of the Act, and if the stock company submits an annual securities report for the most recent business year pursuant to the provisions of Article 24, paragraph (1) of the Financial Instruments and Exchange Act: that fact;

(iv) if the provisions of Article 440 of the Act are not applied to the company subject to public notice pursuant to the provisions of Article 28 of the Act on Arrangement of Relevant Acts Incidental to Enforcement of the Companies Act: that fact;

(v) if the most recent business year for the company subject to public notice is not available: that fact;

(vi) if the company subject to public notice is a liquidating stock company: that fact;

(vii) in cases other than the cases stated in the preceding items: the content of a summary of the balance sheet for the most recent business year under Part VI, Chapter II of the Regulations on Corporate Accounting.

(Matters to Be Disclosed Ex Post Facto by Stock Companies Splitting in Incorporation-Type Splits)

Article 209 The matters prescribed by Ministry of Justice Order as provided in Article 811, paragraph (1), item (i) of the Act are as follows:

(i) the date on which the incorporation-type company split becomes effective;

(ii) the progress of procedures concerning the demand under Article 805-2 of the Act;

(iii) the progress of procedures under Article 806 and Article 808 of the Act and Article 810 of the Act (including as applied mutatis mutandis pursuant to Article 813, paragraph (2) of the Act);

(iv) matters related to important rights and obligations succeeded to by a company incorporated in an incorporation-type split from the company splitting in the incorporation-type split due to the incorporation-type company split;

(v) in addition to what is prescribed in the preceding items, important matters regarding the incorporation-type company split.

(Matters to Be Disclosed Ex Post Facto by Wholly Owned Subsidiary Companies Resulting from Share Transfers)

Article 210 The matters prescribed by Ministry of Justice Order as provided in Article 811, paragraph (1), item (ii) of the Act are as follows:

(i) the date on which the share transfer becomes effective;

(ii) the progress of procedures concerning the demand under Article 805-2 of the Act;

(iii) the progress of procedures under Article 806, Article 808, and Article 810 of the Act;

(iv) the number of shares of the wholly owned subsidiary company resulting from a share transfer having been transferred to the wholly owning parent company incorporated in a share transfer due to the share transfer (if the wholly owned subsidiary company resulting from the share transfer is a company with class shares, the classes of shares and the number of shares per class);

(v) in addition to what is prescribed in the preceding items, important matters regarding the share transfer.

**Chapter VI Procedures for Stock Companies Incorporated in Consolidation-Type Mergers, Stock Companies Incorporated in Incorporation-Type Splits, and Wholly Owning Parent Companies Incorporated in Share Transfers**

(Matters to Be Disclosed Ex Post Facto by Stock Companies Incorporated in Consolidation-Type Mergers)

Article 211 The matters prescribed by Ministry of Justice Order as provided in Article 815, paragraph (1) of the Act are as follows:

(i) the date on which the consolidation-type merger becomes effective;

(ii) the progress of procedures concerning the demand under Article 805-2 of the Act;

(iii) the progress of procedures under Article 806 and Article 808 of the Act and Article 810 of the Act (including as applied mutatis mutandis pursuant to Article 813, paragraph (2) of the Act);

(iv) matters related to important rights and obligations succeeded to by a stock company incorporated in a consolidation-type merger from the company disappearing in the consolidation-type merger due to the consolidation-type merger;

(v) in addition to what is prescribed in the preceding items, important matters regarding the consolidation-type merger.

(Matters to Be Disclosed Ex Post Facto by Stock Companies Incorporated in Incorporation-Type Splits)

Article 212 The matters prescribed by Ministry of Justice Order as provided in Article 815, paragraph (2) of the Act are as follows:

- (i) the date on which the incorporation-type company split becomes effective;
- (ii) the progress of procedures under Article 810 of the Act, as applied mutatis mutandis pursuant to Article 813, paragraph (2) of the Act;
- (iii) matters related to important rights and obligations succeeded to by a stock company incorporated in an incorporation-type split from the limited liability company splitting in the incorporation-type split due to the incorporation-type company split;
- (iv) in addition to what is prescribed in the preceding three items, important matters regarding the incorporation-type company split.

(Matters to Be Disclosed Ex Post Facto by Stock Companies Incorporated in Consolidation-Type Mergers)

Article 213 The matters prescribed by Ministry of Justice Order as provided in Article 815, paragraph (3), item (i) of the Act are the matters stated or recorded in documents or electronic or magnetic records kept by a stock company disappearing in a consolidation-type merger pursuant to the provisions of Article 803, paragraph (1) of the Act (excluding the content of the consolidation-type merger agreement).

#### **Chapter VII Procedures for a Parent Company Resulting from a Partial Share Exchange**

(Matters to Be Disclosed in Advance by a Parent Company Resulting from a Partial Share Exchange)

Article 213-2 The matters prescribed by Ministry of Justice Order as provided in Article 816-2, paragraph (1) of the Act are as follows:

- (i) the reason why the parent company resulting from a partial share exchange determined that the provisions on the matters stated in Article 774-3, paragraph (1), item (ii) of the Act satisfy the requirements specified in paragraph (2) of that Article;
- (ii) matters regarding adequacy of the provisions concerning the matters stated in Article 774-3, paragraph (1), items (iii) through (vi) of the Act;
- (iii) if the matters stated in Article 774-3, paragraph (1), item (vii) of the Act are prescribed, matters regarding adequacy of the provisions with respect to the matters stated in items (viii) and (ix) of that paragraph;
- (iv) if the parent company resulting from a partial share exchange is aware of the following matters regarding the subsidiary company resulting from a partial share exchange, those matters:
  - (a) the content of financial statements, etc. for the most recent business year (if the most recent business year is not available, the balance sheet on the date of the formation of the subsidiary company resulting from a partial share exchange);
  - (b) if there is a provisional financial statement, etc. that has a date after the last day of the most recent business year (if the most recent business year is not

available, the date of formation of the subsidiary company resulting from a partial share exchange; the same applies in the (c) specified as the provisional account closing day (if there are two or more provisional account closing dates, the latest date), the content of the provisional financial statement, etc.;

(c) if disposal of important property, burden of major obligations, or any other event that has a material impact on the status of company property occurs after the last day of the most recent business year, the content of that event (limited to the content of events occurring after the last day of any new most recent business year if the new most recent business year comes in the interval from after the date on which the partial share exchange plan began to be kept (meaning the day on which the partial share exchange plan began to be kept prescribed in Article 816-2, paragraph (2) of the Act; the same applies below in this Article) until the date on which the partial share exchange becomes effective);

(v) the following matters regarding the parent company resulting from a partial share exchange:

(a) if disposal of important property, burden of major obligations, or any other event that has a material impact on the status of company property occurs at the parent company resulting from a partial share exchange after the last day of the most recent business year (if the most recent business year is not available, the date of formation of the parent company resulting from a partial share exchange ), the content of that event (limited to the content of events occurring after the last day of any new most recent business year if the new most recent business year comes in the interval from after the date on which the partial share exchange plan began to be kept until the date on which the partial share exchange becomes effective);

(b) if the most recent business year for the parent company resulting from a partial share exchange is not available, the balance sheet on the date of formation of the parent company resulting from a partial share exchange;

(vi) if a creditor exists who is able to state an objection regarding the partial share exchange pursuant to the provisions of Article 816-8, paragraph (1) of the Act, matters related to prospects for performance of obligations of the parent company resulting from a partial share exchange on or after the date on which the partial share exchange becomes effective (limited to obligations borne to the creditor);

(vii) if a change occurs in the matters stated in the preceding items during the interval from after the date on which the partial share exchange plan began to be kept until the date on which the partial share exchange becomes effective, the matters after the change.

(Items Equivalent to the Shares of the Parent Company Resulting from a Partial Share Exchange)

Article 213-3 The items prescribed by Ministry of Justice Order as provided in Article 816-2, paragraph (3) of the Act are monies, etc. other than the shares of the parent company resulting from a partial share exchange delivered pursuant to the

provisions of Article 774-3, paragraph (1), items (v), (vi), (viii), and (ix) of the Act if the amount obtained by subtracting the amount stated in item (ii) from the amount stated in item (i) is smaller than the amount stated in item (iii):

(i) the total amount of monies, etc. delivered to the transferors of shares, share options (excluding those attached to bonds with share options), or bonds with share options of the subsidiary company resulting from a partial share exchange;

(ii) of the monies, etc. as provided in the preceding item, the total amount of the value of shares of the parent company resulting from a partial share exchange;

(iii) the amount obtained by multiplying the total amount of monies, etc. as provided in item (i) by one-twentieth.

(Amount of Shares, etc. of the Subsidiary Company Resulting from a Partial Share Exchange to Be Acquired by the Parent Company Resulting from a Partial Share Exchange)

Article 213-4 The amount prescribed by Ministry of Justice Order as provided in Article 816-3, paragraph (2) of the Act is the amount obtained by subtracting the amount stated in item (iii) from the total of the amounts stated in item (i) and item (ii):

(i) the amount to be entered in the accounting books regarding shares, share options (excluding those attached to bonds with share options), and bonds with share options of the subsidiary company resulting from a partial share exchange that the parent company resulting from a partial share exchange acquires through the partial share exchange;

(ii) the amount of goodwill recorded pursuant to the provisions of Article 11 of the Regulations on Corporate Accounting;

(iii) the amount of liabilities recorded pursuant to the provisions of Article 12 of the Regulations on Corporate Accounting (zero if the subsidiary company resulting from a partial share exchange is a subsidiary company of the parent company resulting from a partial share exchange (limited to a company receiving the application of consolidated dividend regulations)).

(Amount of Net Assets)

Article 213-5 The method prescribed by Ministry of Justice Order as provided in Article 816-4, paragraph (1), item (ii) of the Act is to treat as the amount of net assets of the parent company resulting from a partial share exchange the amount (if the amount is less than five million yen, five million yen) obtained by subtracting the amount stated in item (viii) from the total amount of the amounts stated in item (i) through item (vii) on the calculation reference date (meaning the date on which the partial share exchange plan was prepared (if a time other than the date on which the partial share exchange plan was prepared is prescribed by the partial share exchange plan, that time (limited to the interval from after the date on which the partial share exchange plan was prepared until immediately before the time when the partial share exchange becomes effective))):

- (i) amount of stated capital;
- (ii) amount of capital reserve;
- (iii) amount of retained earnings reserve;
- (iv) amount of surplus as provided in Article 446 of the Act;
- (v) the amount of valuation and translation adjustments on the last day of the most recent business year (in the case as provided in Article 461, paragraph (2), item (ii) of the Act, the period of Article 441, paragraph (1), item (ii) of the Act (if there are two or more of those periods, the period the last day of which comes latest)) (if the most recent business year is not available, the date of formation of the parent company resulting from a partial share exchange);
- (vi) book value of share award rights;
- (vii) book value of share options;
- (viii) total book value of treasury shares and the stock company's own share options.

(Number of Shares)

Article 213-6 The number prescribed by Ministry of Justice Order as provided in Article 816-4, paragraph (2) of the Act is to be the smallest of the following numbers:

(i) the number obtained by adding one to the number obtained by multiplying the total number of specified shares (meaning the shares that entitle the shareholders to exercise their voting rights at the shareholders meeting in relation to the acts as provided in Article 816-4, paragraph (2) of the Act; the same applies below in this Article) by one-half (if the articles of incorporation specify that shareholders holding voting rights at or above a certain ratio of the total number of voting rights of the specified shares must be in attendance as a requirement for the adoption of resolutions at the shareholders meeting, the relevant ratio) and then multiplying that result by one-third (if the articles of incorporation specify that a majority of at least a certain ratio of the total voting rights held by specified shareholders (meaning the shareholders that hold specified shares; the same applies below in this Article) in attendance at the shareholders meeting must approve as a requirement for the adoption of resolutions at the shareholders meeting, the ratio obtained by subtracting the relevant ratio from one);

(ii) if the articles of incorporation prescribe that approval of a certain number or more of specified shareholders is required as a requirement for adoption of resolutions related to the acts as provided in Article 816-4, paragraph (2) of the Act, the number of specified shares held by specified shareholders who indicated opposition to those acts if the number obtained by subtracting the number of specified shareholders who indicated opposition to the acts to the stock company from the total number of specified shareholders is less than the prescribed number of specified shareholders;

(iii) if the articles of incorporation other than the provisions of the articles of incorporation of the preceding two items prescribe the requirement for adoption of resolutions related to the acts as provided in Article 816-4, paragraph (2) of the Act, , the number of specified shares held by the specified shareholders who indicated opposition to the acts if the resolution cannot be adopted if all the specified shareholders who indicated opposition to the acts dissent at the shareholders meeting as provided in that paragraph;

(iv) the number prescribed in the articles of incorporation.

(Items Equivalent to the Shares of the Parent Company Resulting from a Partial Share Exchange)

Article 213-7 The items prescribed by Ministry of Justice Order as provided in Article 816-8, paragraph (1) of the Act are monies, etc. other than the shares of the parent company resulting from a partial share exchange delivered pursuant to the provisions of Article 774-3, paragraph (1), items (v), (vi), (viii), and (ix) of the Act if the amount obtained by subtracting the amount stated in item (ii) from the amount stated in item (i) is smaller than the amount stated in item (iii):

(i) the total amount of monies, etc. delivered to the transferors of shares, share options (excluding those attached to bonds with share options), or bonds with share options of the subsidiary company resulting from a partial share exchange;

(ii) of the monies, etc. as provided in the preceding item, the total amount of the value of shares of the parent company resulting from a partial share exchange;

(iii) the amount obtained by multiplying the total amount of monies, etc. as provided in item (i) by one-twentieth.

(Matters Related to Financial Statements)

Article 213-8 The matters prescribed by Ministry of Justice Order as provided in Article 816-8, paragraph (2), item (iii) of the Act are the matters prescribed in each of the following items, in accordance with the categories of cases stated below on the date of a public notice as provided in the provisions of that paragraph or the date of a demand as provided in the provisions of that paragraph, whichever comes earlier:

(i) if a company subject to public notice with regard to the balance sheet for the most recent business year or a summary of that balance sheet (meaning the parent company resulting from a partial share exchange and the subsidiary company resulting from a partial share exchange referred to in Article 816-8, paragraph (2), item (iii) of the Act; the same applies below in this Article) has given a public notice under the provisions of Article 440, paragraph (1) or paragraph (2) of the Act: the following:

(a) if a public notice has been given in the Official Gazette, the date of the Official Gazette and the page on which the public notice was published;

(b) if a public notice has been given through publication in a daily newspaper that publishes matters related to current affairs, the name and date of the daily newspaper and the page on which the public notice was published;

(c) if a public notice has been given by electronic public notice, the matters stated in Article 911, paragraph (3), item (xxviii), (a) of the Act;

(ii) if the company subject to public notice takes the measures prescribed in the provisions of Article 440, paragraph (3) of the Act with regard to the balance sheet for the most recent business year: the matters stated in Article 911, paragraph (3), item (xxvi) of the Act;

(iii) if the company subject to public notice is a stock company prescribed in Article 440, paragraph (4) of the Act, and if the stock company submits an annual securities report for the most recent business year pursuant to the provisions of Article 24, paragraph (1) of the Financial Instruments and Exchange Act: that fact;

(iv) if the provisions of Article 440 of the Act are not applied to the company subject to public notice pursuant to the provisions of Article 28 of the Act on Arrangement of Relevant Acts Incidental to Enforcement of the Companies Act: that fact;

(v) if the most recent business year for the company subject to public notice (including cases where the parent company resulting from a partial share exchange does not know whether the most recent business year exists for the subsidiary company resulting from a partial share exchange) is not available: that fact;

(vi) in cases other than the cases stated in the preceding items: the content of a summary of the balance sheet for the most recent business year under the provisions of Part VI, Chapter II of the Regulations on Corporate Accounting (with regard to the content of the summary of the balance sheet of the subsidiary company resulting from a partial share exchange, if the parent company resulting from a partial share exchange does not know of the content of that summary, that fact).

(Matters to Be Disclosed Ex Post Facto by the Parent Company Resulting from a Partial Share Exchange)

Article 213-9 The matters prescribed by Ministry of Justice Order as provided in Article 816-10, paragraph (1) of the Act are as follows:

(i) the date on which the partial share exchange becomes effective;

(ii) the following matters at the parent company resulting from a partial share exchange:

(a) the progress of procedures concerning the demand under the provisions of Article 816-5 of the Act;

(b) the progress of procedures under Article 816-6 and Article 816-8;

(iii) the number of shares of the subsidiary company resulting from a partial share exchange transferred to the parent company resulting from a partial share exchange due to the partial share exchange (if the subsidiary company resulting

from a partial share exchange is a company with class shares, the classes of shares and the number of shares per class);

(iv) the number of share options of the subsidiary company resulting from a partial share exchange transferred to the parent company resulting from a partial share exchange due to the partial share exchange;

(v) if the share options referred to in the preceding item are attached to bonds with share options, the total of the amounts for each bond with respect to those bonds with share options (limited to those which the parent company resulting from a partial share exchange acquired upon a partial share exchange);

(vi) in addition to what is prescribed in the preceding items, important matters regarding the partial share exchange.

(Items Equivalent to the Shares of the Parent Company Resulting from a Partial Share Exchange)

Article 213-10 The items prescribed by Ministry of Justice Order as provided in Article 816-10, paragraph (3) of the Act are monies, etc. other than the shares of the parent company resulting from a partial share exchange delivered pursuant to the provisions of Article 774-3, paragraph (1), items (v), (vi), (viii), and (ix) of the Act if the amount obtained by subtracting the amount stated in item (ii) from the amount stated in item (i) is smaller than the amount stated in item (iii):

(i) the total amount of monies, etc. delivered to the transferors of shares, share options (excluding those attached to bonds with share options), and bonds with share options of the subsidiary company resulting from a partial share exchange;

(ii) of the monies, etc. as provided in the preceding item, the total amount of the value of shares of the parent company resulting from a partial share exchange;

(iii) the amount obtained by multiplying the total amount of monies, etc. as provided in item (i) by one-twentieth.

## **Part VI Foreign Companies**

(Public Notice of Financial Statements)

Article 214 (1) If a foreign company gives public notice of an item equivalent to a balance sheet pursuant to the provisions of Article 819, paragraph (1) of the Act (referred to below as "foreign balance sheet" in this Article), the annotations section regarding a foreign balance sheet (including any equivalents to annotations) may be omitted.

(2) The summary of a foreign balance sheet as provided in Article 819, paragraph (2) of the Act means a foreign balance sheet classified into the following entries (including the equivalents to the entries):

(i) section on assets:

(a) current assets;

(b) fixed assets;

(c) other;

(ii) section on liabilities:

- (a) current liabilities;
- (b) fixed liabilities;
- (c) other;
- (iii) section on net assets:
  - (a) stated capital and capital surplus;
  - (b) retained earnings;
  - (c) other.

(3) If a foreign company gives a public notice of a foreign balance sheet under Article 819, paragraph (1) of the Act or a public notice of a summary of a foreign balance sheet under paragraph (2) of that Article, and if the foreign balance sheet is prepared in a language other than Japanese, the foreign company need not translate the report into Japanese.

(4) Regarding a foreign company for which no foreign balance sheet exists, if the foreign company is deemed to be subject to the provisions of the Regulations on Corporate Accounting, the item that is prepared is deemed to be a foreign balance sheet, and the provisions of the preceding three paragraphs apply.

(Measures under Article 819, Paragraph (3) of the Act)

Article 215 Of the methods stated in Article 222, paragraph (1), item (i), (b), the measures under Article 819, paragraph (3) of the Act must be performed by using an automatic public transmission server connected to the internet.

(Matters Related to Liquidation Concerning the Property of a Foreign Company in Japan)

Article 216 Excluding any provisions that are not applicable by their nature, the provisions of Article 140, Article 142 through Article 145, and Part II, Chapter VIII, Section 2 apply mutatis mutandis pursuant to the matters prescribed by Ministry of Justice Order pursuant to the provisions of Article 482, paragraph (3), item (iv), Article 489, paragraph (6), item (vi), Article 492, paragraph (1), Article 536, paragraph (1), item (ii) and item (iii), (a), Article 548, paragraph (1), item (iv), Article 550, paragraph (1), Article 551, paragraph (1) and paragraph (2), Article 556, paragraph (2), Article 557, paragraph (1), and Article 561 of the Act applied mutatis mutandis pursuant to Article 822, paragraph (3) of the Act.

## **Part VII Miscellaneous Provisions**

### **Chapter I Actions**

(Methods for Demanding to File an Action to Enforce Liability by Shareholders)

Article 217 The method prescribed by Ministry of Justice Order pursuant to the provisions of Article 847, paragraph (1) of the Act is the submission of documents stating the following matters or the provision of those matters by electronic or magnetic means:

- (i) the person to be the defendant;
- (ii) the purpose of the demand and necessary facts for specifying the demand.

(Methods for Giving Notice of the Reason Why a Stock Company Is Not Filing an Action to Enforce Liability)

Article 218 The method prescribed by Ministry of Justice Order pursuant to the provisions of Article 847, paragraph (4) of the Act is the submission of documents stating the following matters or the provision of those matters by electronic or magnetic means:

(i) the content of any investigation performed by the stock company (including material serving as the basis for the judgment of the following item);

(ii) the judgment regarding the presence or absence of liability or obligations for the person stated in item (i) of the preceding Article with regard to an action for which a demand under Article 847, paragraph (1) of the Act is made, and the grounds for that judgment;

(iii) if a judgment is made that the person stated in the preceding item has liability or obligations, and if an action to enforce liability is not filed, the grounds for that decision.

(Methods for Demanding to File an Action to Enforce Liability by Former Shareholders)

Article 218-2 The method prescribed by Ministry of Justice Order pursuant to the provisions of Article 847-2, paragraph (1) and paragraph (3) (including as applied mutatis mutandis pursuant to paragraph (4) and paragraph (5) of that Article; the same applies in Article 218-4, item (ii)) of the Act is the submission of documents stating the following matters or the provision of those matters by electronic or magnetic means:

(i) the person to be the defendant;

(ii) the purpose of the demand and necessary facts for specifying the demand;

(iii) the name and address of the wholly owning parent company resulting from a share exchange, etc. and the fact that the person making the demand is a shareholder of the wholly owning parent company resulting from a share exchange, etc.

(Wholly Owing Parent Companies)

Article 218-3 (1) The stock company prescribed by Ministry of Justice Order as provided in Article 847-2, paragraph (1) of the Act is a particular stock company if the particular stock company and a wholly owned subsidiary company of the particular stock company (meaning a stock company in which the particular stock company holds all of the issued shares; the same applies below in this Article) or a wholly owned subsidiary company of the particular stock company holds all of the issued shares of the specified stock company under Article 847-2, paragraph (1) of the Act.

(2) Regarding the application of the provisions of the preceding paragraph, if a particular stock company of that paragraph and a wholly owned subsidiary company of the particular stock company, or a wholly owned subsidiary company of

the particular stock company holds all of the issued shares of another stock company, the relevant other stock company is deemed to be a wholly owned subsidiary company.

(Methods for Providing Notice of the Reason Why a Wholly Owned Subsidiary Company Resulting from a Share Exchange Is Not Filing an Action to Enforce Liability by Shareholders)

Article 218-4 The method prescribed by Ministry of Justice Order pursuant to the provisions of Article 847-2, paragraph (7) of the Act is the submission of documents stating the following matters or the provision of those matters by electronic or magnetic means:

(i) the content of any investigation performed by the wholly owned subsidiary company resulting from a share exchange, etc. (including material serving as the basis for the judgment of the following item);

(ii) the judgment regarding the presence or absence of liability or obligations for the person stated in Article 218-2, item (i) with regard to an action for which a demand under Article 847-2, paragraph (1) or paragraph (3) of the Act is made, and the grounds for that judgment;

(iii) if a judgment is made that the person stated in the preceding item has liability or obligations, and if an action to enforce liability is not filed, the grounds for that decision.

(Methods for Demanding to File an Action to Enforce Specific Liability)

Article 218-5 The methods prescribed by Ministry of Justice Order pursuant to the provisions of Article 847-3, paragraph (1) of the Act is the submission of documents stating the following matters or the provision of those matters by electronic or magnetic means:

(i) the person to be the defendant;

(ii) the purpose of the demand and necessary facts for specifying the demand;

(iii) the name and address of an ultimate, wholly owning parent company, etc. and the fact that the person making the demand is a shareholder of the ultimate, wholly owning parent company, etc.

(Total Amount of Assets)

Article 218-6 (1) The method prescribed by Ministry of Justice Order as provided in Article 847-3, paragraph (4) of the Act is to treat as the total amount of assets of an ultimate, wholly owning parent company, etc. of the stock company the amount obtained by subtracting the amount stated in item (x) from the total amount of the amounts stated in item (i) through item (ix) of the ultimate, wholly owning parent company, etc. on the date stated in that paragraph (referred to below as the "calculation reference date" in this Article):

(i) amount of stated capital;

(ii) amount of capital reserve;

(iii) amount of retained earnings reserve;

(iv) amount of surplus as provided in Article 446 of the Act;

(v) the amount of valuation and translation adjustments on the last day of the most recent business year (in the case as provided in Article 461, paragraph (2), item (ii) of the Act, the last day of the period under Article 441, paragraph (1), item (ii) of the Act (if there are two or more of those periods, the period the last day of which comes latest); the same applies below in this paragraph) (if the most recent business year is not available, the date of formation of the ultimate, wholly owning parent company, etc.; the same applies below in this Article);

(vi) book value of share award rights;

(vii) book value of share options;

(viii) the amount recorded in the section on liabilities on the last day of the most recent business year;

(ix) if a succession to rights and obligations related to the business of another company occurs from an absorption-type merger or an absorption-type company split, or an acceptance of transfer of all the business of another company (including a foreign company) is performed after the last day of the most recent business year, the amount of liabilities succeeded to or accepted as a result of these acts;

(x) total book value of treasury shares and the stock company's own share options.

(2) Notwithstanding the provisions of the preceding paragraph, the method prescribed by Ministry of Justice Order as provided in Article 847-3, paragraph (4) of the Act if the ultimate, wholly owning parent company, etc. is a liquidating stock company on the calculation reference date is to treat as the total amount of assets of the stock company the amount recorded in the section on assets on the balance sheet prepared pursuant to the provisions of Article 492, paragraph (1) of the Act.

(Methods for Giving Notice of the Reason Why a Stock Company Is Not Filing an Action to Enforce Specific Liability)

Article 218-7 The method prescribed by Ministry of Justice Order pursuant to the provisions of Article 847-3, paragraph (8) of the Act is the submission of documents stating the following matters or the provision of those matters by electronic or magnetic means:

(i) the content of any investigation performed by the stock company (including material serving as the basis for the judgment of the following item);

(ii) the judgment regarding the presence or absence of liability or obligations for the person stated in Article 218-5, item (i) with regard to an action for which a demand under Article 847-3, paragraph (1) of the Act is made, and the grounds for that judgment;

(iii) if a judgment is made that the person stated in the preceding item has liability or obligations, and if an action to enforce specific liability is not filed, the grounds for that decision.

Article 219 Deleted.

## **Chapter II Registration**

Article 220 (1) The matters prescribed by Ministry of Justice Order as stated in the following items are the codes, including characters, symbols, and other marks, or combinations of those characters, symbols, and other marks, for identifying on the internet the relevant part of the automatic public transmission server utilized in conducting acts prescribed in those items that is used for the purpose of conducting those acts, allowing the receiver of information to inspect the content of information and record the information in files stored on a computer through direct input into the computer used by the receiver:

(i) Article 911, paragraph (3), item (xxvi) of the Act: measures under Article 440, paragraph (3) of the Act;

(ii) Article 911, paragraph (3), item (xxviii), (a) of the Act: electronic public notice performed by a stock company;

(iii) Article 912, item (ix), (a) of the Act: electronic public notice performed by a general partnership company;

(iv) Article 913, item (xi), (a) of the Act: electronic public notice performed by a limited partnership company;

(v) Article 914, item (x), (a) of the Act: electronic public notice performed by a limited liability company;

(vi) Article 933, paragraph (2), item (iv) of the Act: measures pursuant to the provisions of Article 819, paragraph (3) of the Act;

(vii) Article 933, paragraph (2), item (vi), (a) of the Act: electronic public notice performed by a foreign company.

(2) In the case as provided in Article 911, paragraph (3), item (xxviii) of the Act, the item for receiving information which contains a public notice of settlement of accounts (meaning the public notice under Article 440, paragraph (1) of the Act; the same applies below in this paragraph) that is a matter stated in (a) of that item, may be registered separately from the item for receiving information which contains a public notice other than a public notice of settlement of accounts that is the relevant matter.

## **Chapter III Public Notice**

Article 221 Matters to be prescribed by Ministry of Justice Order as provided in the following provisions are governed by the provisions of the Electronic Public Notice Rules (Ministry of Justice Order No. 14 of 2006):

(i) Article 941 of the Act;

(ii) Article 944, paragraph (1) of the Act (including as applied mutatis mutandis pursuant to Article 945, paragraph (2) of the Act);

(iii) Article 946, paragraph (2) through paragraph (4) of the Act;

(iv) Article 947 of the Act;

(v) Article 949, paragraph (2) of the Act;

(vi) Article 950 of the Act;

- (vii) Article 951, paragraph (2), item (iii) of the Act;
- (viii) Article 955, paragraph (1) of the Act;
- (ix) Article 956, paragraph (2) of the Act;
- (x) Article 957, paragraph (2) of the Act.

## **Chapter IV Electronic or Magnetic Means and Electronic or Magnetic Records**

### **Section 1 Electronic or Magnetic Means and Electronic or Magnetic Records**

(Electronic or Magnetic Means)

Article 222 (1) The means prescribed by Ministry of Justice Order using an electronic data processing system or through any other application of information and communications technology pursuant to the provisions of Article 2, item (xxxiv) of the Act are as follows:

(i) among the means that use an electronic data processing system, those stated in (a) or (b):

(a) a means by transmitting through a telecommunications line connecting a computer used by the sender and a computer used by the receiver, and recording in a file kept on the computer used by the receiver;

(b) a means by providing the content of information recorded in a file kept on a computer used by the sender for inspection by a receiver of information through a telecommunications line and recording the information in a file kept on a computer used by the receiver of the information;

(ii) a means by delivering information recorded in a file prepared with a device capable of reliably recording certain information on a magnetic disk or other equivalent means.

(2) The means stated in the items of the preceding paragraph must make it possible for the receiver of delivery, etc. to prepare written documents by outputting the records in the file.

(Electronic or Magnetic Means for Posting Electronic Public Notice)

Article 223 Of the measures stated in paragraph (1), item (i), (b) of the preceding Article, the measures prescribed by Ministry of Justice Order pursuant to the provisions of Article 2, item (xxxiv) of the Act are those that use an automatic public transmission server connected to the internet.

(Electronic or Magnetic Records)

Article 224 The item prescribed by Ministry of Justice Order as provided in Article 26, paragraph (2) of the Act is an item of information recorded in a file prepared with a device capable of reliably recording certain information on a magnetic disk or other equivalent means.

(Electronic Signatures)

Article 225 (1) The measures in lieu of signature or name and seal prescribed by Ministry of Justice Order as provided in the following provisions are electronic signatures:

- (i) Article 26, paragraph (2) of the Act;
- (ii) Article 122, paragraph (3) of the Act;
- (iii) Article 149, paragraph (3) of the Act;
- (iv) Article 250, paragraph (3) of the Act;
- (v) Article 270, paragraph (3) of the Act;
- (vi) Article 369, paragraph (4) of the Act (including as applied mutatis mutandis pursuant to Article 490, paragraph (5) of the Act);
- (vii) Article 393, paragraph (3) of the Act;
- (viii) Article 399-10, paragraph (4) of the Act;
- (ix) Article 412, paragraph (4) of the Act;
- (x) Article 575, paragraph (2) of the Act;
- (xi) Article 682, paragraph (3) of the Act;
- (xii) Article 695, paragraph (3) of the Act.

(2) The "electronic signature" as provided in the preceding paragraph means a measure implemented in relation to information that can be recorded in electronic or magnetic records, which satisfies both of the following requirements:

- (i) that it is for indicating that the relevant information was prepared by the person who implemented the measure;
- (ii) that it makes it possible to confirm whether or not any alterations have been made to the information.

(Methods for Presenting Matters Recorded in Electronic or Magnetic Records)

Article 226 The methods prescribed by Ministry of Justice Order as provided in the following provisions are the methods for presenting matters in electronic or magnetic records under the following provisions on paper or on a screen on which images can be displayed:

- (i) Article 31, paragraph (2), item (iii) of the Act;
- (ii) Article 74, paragraph (7), item (ii) of the Act (including as applied mutatis mutandis pursuant to Article 86 of the Act);
- (iii) Article 76, paragraph (5) of the Act (including as applied mutatis mutandis pursuant to Article 86 of the Act);
- (iv) Article 81, paragraph (3), item (ii) of the Act (including as applied mutatis mutandis pursuant to Article 86 of the Act);
- (v) Article 82, paragraph (3), item (ii) of the Act (including as applied mutatis mutandis pursuant to Article 86 of the Act);
- (vi) Article 125, paragraph (2), item (ii) of the Act;
- (vii) Article 171-2, paragraph (2), item (iii) of the Act;
- (viii) Article 173-2, paragraph (3), item (iii) of the Act;
- (ix) Article 179-5, paragraph (2), item (iii) of the Act;

- (x) Article 179-10, paragraph (3), item (iii) of the Act;
- (xi) Article 182-2, paragraph (2), item (iii) of the Act;
- (xii) Article 182-6, paragraph (3), item (iii) of the Act;
- (xiii) Article 231, paragraph (2), item (ii) of the Act;
- (xiv) Article 252, paragraph (2), item (ii) of the Act;
- (xv) Article 310, paragraph (7), item (ii) of the Act (including as applied mutatis mutandis pursuant to Article 325 of the Act);
- (xvi) Article 312, paragraph (5) of the Act (including as applied mutatis mutandis pursuant to Article 325 of the Act);
- (xvii) Article 318, paragraph (4), item (ii) of the Act (including as applied mutatis mutandis pursuant to Article 325 of the Act);
- (xviii) Article 319, paragraph (3), item (ii) of the Act (including as applied mutatis mutandis pursuant to Article 325 of the Act);
- (xix) Article 371, paragraph (2), item (ii) of the Act (including as applied mutatis mutandis pursuant to Article 490, paragraph (5) of the Act);
- (xx) Article 374, paragraph (2), item (ii) of the Act;
- (xxi) Article 378, paragraph (2), item (iii) of the Act;
- (xxii) Article 389, paragraph (4), item (ii) of the Act;
- (xxiii) Article 394, paragraph (2), item (ii) of the Act (including as applied mutatis mutandis pursuant to paragraph (3) of that Article);
- (xxiv) Article 396, paragraph (2), item (ii) of the Act;
- (xxv) Article 399-11, paragraph (2), item (ii) of the Act (including as applied mutatis mutandis pursuant to paragraph (3) of that Article);
- (xxvi) Article 413, paragraph (2), item (ii) of the Act;
- (xxvii) Article 433, paragraph (1), item (ii) of the Act;
- (xxviii) Article 442, paragraph (3), item (iii) of the Act;
- (xxix) Article 496, paragraph (2), item (iii) of the Act;
- (xxx) Article 618, paragraph (1), item (ii) of the Act;
- (xxxi) Article 684, paragraph (2), item (ii) of the Act;
- (xxxii) Article 731, paragraph (3), item (ii) of the Act;
- (xxxiii) Article 735-2, paragraph (3), item (ii) of the Act;
- (xxxiv) Article 775, paragraph (3), item (iii) of the Act;
- (xxxv) Article 782, paragraph (3), item (iii) of the Act;
- (xxxvi) Article 791, paragraph (3), item (iii) of the Act (including as applied mutatis mutandis pursuant to paragraph (4) of that Article);
- (xxxvii) Article 794, paragraph (3), item (iii) of the Act;
- (xxxviii) Article 801, paragraph (4), item (iii) of the Act (including as applied mutatis mutandis pursuant to paragraph (5) and paragraph (6) of that Article);
- (xxxix) Article 803, paragraph (3), item (iii) of the Act;
- (xl) Article 811, paragraph (3), item (iii) of the Act (including as applied mutatis mutandis pursuant to paragraph (4) of that Article);

(xli) Article 815, paragraph (4), item (iii) of the Act (including as applied mutatis mutandis pursuant to paragraph (5) and paragraph (6) of that Article).

(xlii) Article 816-2, paragraph (3), item (iii) of the Act;

(xliii) Article 816-10, paragraph (3), item (iii) of the Act.

(Special Provisions Related to Keeping of Electronic or Magnetic Records)

Article 227 The measures prescribed by Ministry of Justice Order as provided in the following provisions are measures that utilize a means that uses an electronic data processing system that connects the computers used in a company by a telecommunications line, and records the information recorded in a file kept on the computers in files prepared on computers used in a branch office of the company through a telecommunications line:

(i) Article 31, paragraph (4) of the Act;

(ii) Article 318, paragraph (3) of the Act (including as applied mutatis mutandis pursuant to Article 325 of the Act);

(iii) Article 442, paragraph (2) of the Act.

(Electronic or Magnetic Records Provided by the Inspector)

Article 228 Those prescribed by Ministry of Justice Order as provided in the following provisions are the electronic or magnetic recording media (limited to electronic or magnetic records) pursuant to Article 36, paragraph (1) of the Regulations on Commercial Registrations (Ministry of Justice Order No. 23 of 1964) and the electronic or magnetic records prescribed by the receiver of the electronic or magnetic records pursuant to the following provisions:

(i) Article 33, paragraph (4) of the Act;

(ii) Article 207, paragraph (4) of the Act;

(iii) Article 284, paragraph (4) of the Act;

(iv) Article 306, paragraph (5) of the Act (including as applied mutatis mutandis pursuant to Article 325 of the Act);

(v) Article 358, paragraph (5) of the Act.

(Provision of Matters Recorded in Electronic or Magnetic Records by the Inspector)

Article 229 The methods prescribed by Ministry of Justice Order as provided in the following provisions (referred to below as "provisions for inspectors providing matters" in this Article) are to be determined from among electronic or magnetic means by the receiver of the matters recorded by electronic or magnetic records specified in the provisions for inspectors providing matters pursuant to the provisions for inspectors providing matters:

(i) Article 33, paragraph (6) of the Act;

(ii) Article 207, paragraph (6) of the Act;

(iii) Article 284, paragraph (6) of the Act;

(iv) Article 306, paragraph (7) of the Act (including as applied mutatis mutandis pursuant to Article 325 of the Act);

(v) Article 358, paragraph (7) of the Act.

(Electronic or Magnetic Means Related to the Enforcement Order of the Companies Act)

Article 230 The types and content of the electronic or magnetic means to be presented pursuant to the provisions of Article 1, paragraph (1) or Article 2, paragraph (1) of the Enforcement Order of the Companies Act (Cabinet Order No. 364 of 2005) are as follows:

(i) of the following means, those used by the sender:

(a) of means that utilize an electronic data processing system, those stated below:

1. a means by transmitting through a telecommunications line connecting a computer used by the sender and a computer used by the receiver, and recording in a file kept on the computer used by the receiver;

2. a means by providing the content of information recorded in a file kept on a computer used by the sender for inspection by a receiver of information through a telecommunications line and recording the information in a file kept on a computer used by the receiver of the information;

(b) a means by delivering information recorded in a file prepared with a device capable of reliably recording certain information on a magnetic disk or other equivalent means;

(ii) the means of recording in a file.

## **Section 2 Utilization of Information and Communications Technology**

(Definitions)

Article 231 The terms used in this Section are governed by the examples of terms used in the Act on the Utilization of Telecommunications Technology in Document Preservation, etc. Conducted by Private Business Operators, etc. (Act No. 149 of 2004; referred to below as "the Electronic Document Act" in this Section).

(Specifications for Retention)

Article 232 The modes of retention prescribed by order of the competent ministry under Article 3, paragraph (1) of the Electronic Document Act are the following modes of retention:

(i) retention of documents verifying the authority of representation under Article 74, paragraph (6) of the Act (including as applied mutatis mutandis pursuant to Article 86 of the Act);

(ii) retention of voting forms (meaning voting forms under Article 70, paragraph (1) of the Act) pursuant to the provisions of Article 75, paragraph (3) of the Act (including as applied mutatis mutandis pursuant to Article 86 of the Act);

(iii) retention of the minutes of organizational meetings under Article 81, paragraph (2) of the Act (including as applied mutatis mutandis pursuant to Article 86 of the Act);

(iv) retention of the documents referred to in Article 82, paragraph (1) under Article 82, paragraph (2) of the Act (including as applied mutatis mutandis pursuant to Article 86 of the Act);

(v) retention of the documents referred to in Article 173-2, paragraph (1) of the Act under paragraph (2) of that Article;

(vi) retention of the documents referred to in Article 179-10, paragraph (1) of the Act under paragraph (2) of that Article;

(vii) retention of the documents referred to in Article 182-6, paragraph (1) of the Act under paragraph (2) of that Article;

(viii) retention of documents verifying authority of representation under Article 310, paragraph (6) of the Act (including as applied mutatis mutandis pursuant to Article 325 of the Act);

(ix) retention of voting forms (meaning the voting forms as provided in Article 301, paragraph (1) of the Act) under Article 311, paragraph (3) of the Act (including as applied mutatis mutandis pursuant to Article 325 of the Act);

(x) retention of the minutes of shareholders meetings under Article 318, paragraph (2) of the Act (including as applied mutatis mutandis pursuant to Article 325 of the Act);

(xi) retention of copies of the minutes of shareholders meetings under Article 318, paragraph (3) of the Act (including as applied mutatis mutandis pursuant to Article 325 of the Act);

(xii) retention of the documents referred to in Article 319, paragraph (1) of the Act under Article 319, paragraph (2) of the Act (including as applied mutatis mutandis pursuant to Article 325 of the Act);

(xiii) retention of the minutes, etc. under Article 371, paragraph (1) of the Act (including as applied mutatis mutandis pursuant to Article 490, paragraph (5) of the Act);

(xiv) retention of financial statements, the detailed statements annexed to them, or accounting advisor's reports under Article 378, paragraph (1), item (i) of the Act;

(xv) retention of provisional financial statements and accounting advisor's reports under Article 378, paragraph (1), item (ii) of the Act;

(xvi) retention of the minutes of board of company auditors meetings under Article 394, paragraph (1) of the Act;

(xvii) retention of the minutes of audit and supervisory committee meetings under Article 399-11, paragraph (1) of the Act;

(xviii) retention of the minutes of nominating committee, etc. meetings under Article 413, paragraph (1) of the Act;

(xix) retention of accounting books and materials under Article 432, paragraph (2) of the Act;

(xx) retention of financial statements and the detailed statements annexed to them under Article 435, paragraph (4) of the Act;

(xxi) retention of financial statements, etc. under Article 442, paragraph (1) of the Act;

(xxii) retention of copies of financial statements, etc. under Article 442, paragraph (2) of the Act;

(xxiii) retention of inventory of property, etc. under Article 492, paragraph (4) of the Act;

(xxiv) retention of balance sheets and the detailed statements annexed to them under Article 494, paragraph (3) of the Act;

(xxv) retention of balance sheets, etc. under Article 496, paragraph (1) of the Act;

(xxvi) retention of accounting materials under Article 508, paragraph (1) and paragraph (3) of the Act;

(xxvii) retention of accounting books under Article 615, paragraph (2) of the Act;

(xxviii) retention of financial statements under Article 617, paragraph (4) of the Act;

(xxix) retention of accounting materials under Article 672, paragraph (1), paragraph (2), or paragraph (4) of the Act;

(xxx) retention of the minutes of bondholders meetings under Article 731, paragraph (2) of the Act;

(xxxi) retention of the documents of Article 735-2, paragraph (1) of the Act under paragraph (2) of that Article;

(xxxii) retention of the documents of Article 791, paragraph (1) of the Act under paragraph (2) of that Article;

(xxxiii) retention of the documents specified in the items of Article 801, paragraph (3) of the Act pursuant to the provisions of that paragraph;

(xxxiv) retention of the documents of Article 811, paragraph (1) of the Act under paragraph (2) of that Article;

(xxxv) retention of the documents specified in the items of Article 815, paragraph (3) of the Act pursuant to the provisions of that paragraph.

(xxxvi) retention of the documents of Article 816-10, paragraph (1) of the Act under paragraph (2) of that Article.

(Means of Retention)

Article 233 (1) If a private business operator, etc. retains electronic or magnetic records related to the documents to be retained in lieu of the modes of retention stated in the items of the preceding Article pursuant to the provisions of Article 3, paragraph (1) of the Electronic Document Act, the records must be retained by a means in which electronic or magnetic records created by scanning the matters stated in the documents with a scanner (including any image capture device equivalent to it) are retained in a file prepared with a device capable of reliably recording certain matters in a file, on a magnetic disk, or other equivalent means and kept on a computer used by the private business operator, etc.

(2) If a private business operator, etc. retains electronic or magnetic records under the preceding paragraph, measures must be taken as needed in order to output the matters recorded in the electronic or magnetic records and make sure that those matters can be displayed and documents can be created immediately in a clear and concise form on a computer or another device where those matters are used.

(Specifications for Public Inspection)

Article 234 The public inspection, etc. prescribed by order of the competent ministry referred to in Article 5, paragraph (1) of the Electronic Document Act covers the following modes of public inspection, etc.:

(i) public inspection, etc. of the articles of incorporation under Article 31, paragraph (2), item (i) of the Act;

(ii) public inspection, etc. of the articles of incorporation under Article 31, paragraph (3) of the Act;

(iii) public inspection, etc. of documents verifying authority of representation under Article 74, paragraph (7), item (i) of the Act (including as applied mutatis mutandis pursuant to Article 86 of the Act);

(iv) public inspection, etc. of voting forms (meaning voting forms under Article 70, paragraph (1) of the Act) under Article 75, paragraph (4) of the Act (including as applied mutatis mutandis pursuant to Article 86 of the Act);

(v) public inspection, etc. of the minutes of organizational meetings under Article 81, paragraph (3), item (i) of the Act (including as applied mutatis mutandis pursuant to Article 86 of the Act);

(vi) public inspection, etc. of the minutes of organizational meetings under Article 81, paragraph (4) of the Act (including as applied mutatis mutandis pursuant to Article 86 of the Act);

(vii) public inspection, etc. of the documents of Article 82, paragraph (2) of the Act under Article 82, paragraph (3), item (i) of the Act (including as applied mutatis mutandis pursuant to Article 86 of the Act);

(viii) public inspection, etc. of the documents of Article 82, paragraph (2) of the Act under Article 82, paragraph (4) of the Act (including as applied mutatis mutandis pursuant to Article 86 of the Act);

(ix) public inspection, etc. of the shareholder register under Article 125, paragraph (2), item (i) of the Act;

(x) public inspection, etc. of the shareholder register under Article 125, paragraph (4) of the Act;

(xi) public inspection, etc. of the documents of Article 171-2, paragraph (1) of the Act under paragraph (2), item (i) of that Article;

(xii) public inspection, etc. of the documents of Article 173-2, paragraph (2) of the Act under paragraph (3), item (i) of that Article;

(xiii) public inspection, etc. of the documents of Article 179-5, paragraph (1) of the Act under paragraph (2), item (i) of that Article;

(xiv) public inspection, etc. of the documents of Article 179-10, paragraph (2) of the Act under paragraph (3), item (i) of that Article;

(xv) public inspection, etc. of the documents of Article 182-2, paragraph (1) of the Act under paragraph (2), item (i) of that Article;

(xvi) public inspection, etc. of the documents of Article 182-6, paragraph (2) of the Act under paragraph (3), item (i) of that Article;

(xvii) public inspection, etc. of the register of lost share certificates under Article 231, paragraph (2), item (i) of the Act;

(xviii) public inspection, etc. of the share option register under Article 252, paragraph (2), item (i) of the Act;

(xix) public inspection, etc. of the share option register under Article 252, paragraph (4) of the Act;

(xx) public inspection, etc. of documents verifying authority of representation under Article 310, paragraph (7), item (i) of the Act (including as applied mutatis mutandis pursuant to Article 325 of the Act);

(xxi) public inspection, etc. of voting forms (meaning the voting forms as provided in Article 301, paragraph (1) of the Act) under Article 311, paragraph (4) of the Act (including as applied mutatis mutandis pursuant to Article 325 of the Act);

(xxii) public inspection, etc. of the minutes of shareholders meetings or copies of those minutes under Article 318, paragraph (4), item (i) of the Act (including as applied mutatis mutandis pursuant to Article 325 of the Act);

(xxiii) public inspection, etc. of the minutes of shareholders meetings under Article 318, paragraph (5) of the Act (including as applied mutatis mutandis pursuant to Article 325 of the Act);

(xxiv) public inspection, etc. of the documents of Article 319, paragraph (2) of the Act under Article 319, paragraph (3), item (i) of the Act (including as applied mutatis mutandis pursuant to Article 325 of the Act);

(xxv) public inspection, etc. of the minutes, etc. under Article 371, paragraph (2), item (i) of the Act (including as applied mutatis mutandis pursuant to Article 490, paragraph (5) of the Act);

(xxvi) public inspection, etc. of the minutes under Article 371, paragraph (4) of the Act (including as applied mutatis mutandis pursuant to paragraph (5) of that Article (including as applied mutatis mutandis pursuant to Article 490, paragraph (5)) and to Article 490, paragraph (5) of the Act);

(xxvii) public inspection, etc. of accounting books or materials related to them under Article 374, paragraph (2), item (i) of the Act;

(xxviii) public inspection, etc. of financial statements, the detailed statements annexed to them, and accounting advisor's reports and provisional financial statements under Article 378, paragraph (2), item (i) of the Act;

(xxix) public inspection, etc. of accounting books or materials related to them under Article 389, paragraph (4), item (i) of the Act;

(xxx) public inspection, etc. of the minutes of board of company auditors meetings under Article 394, paragraph (2), item (i) of the Act (including as applied mutatis mutandis pursuant to paragraph (3) of that Article);

(xxxii) public inspection, etc. of the minutes of audit and supervisory committee meetings under Article 399-11, paragraph (2), item (i) of the Act (including as applied mutatis mutandis pursuant to paragraph (3) of that Article);

(xxxiii) public inspection, etc. of the minutes of nominating committee, etc. meetings under Article 413, paragraph (2), item (i) of the Act;

(xxxiiii) public inspection, etc. of the minutes of nominating committee, etc. meetings under Article 413, paragraph (3) of the Act (including as applied mutatis mutandis pursuant to paragraph (4) of that Article);

(xxxv) public inspection, etc. of accounting books or materials related to them under Article 433, paragraph (1), item (i) of the Act;

(xxxvi) public inspection, etc. of financial statements, etc. or copies of those financial statements under Article 442, paragraph (3), item (i) of the Act;

(xxxvii) public inspection, etc. of financial statements, etc. or copies of those financial statements under Article 442, paragraph (4) of the Act;

(xxxviii) public inspection, etc. of balance sheet, etc. under Article 496, paragraph (2), item (i) of the Act;

(xxxix) public inspection, etc. of balance sheet, etc. under Article 496, paragraph (3) of the Act;

(xl) public inspection, etc. of financial statements under Article 618, paragraph (1), item (i) of the Act;

(xli) public inspection, etc. of financial statements under Article 625 of the Act;

(xlii) public inspection, etc. of the bond register under Article 684, paragraph (2), item (i) of the Act;

(xliii) public inspection, etc. of the bond register under Article 684, paragraph (4) of the Act;

(xliv) public inspection, etc. of the minutes of bondholders meetings under Article 731, paragraph (3), item (i) of the Act;

(xlv) public inspection, etc. of the documents of Article 735-2, paragraph (2) of the Act under paragraph (3), item (i) of that Article;

(xlvi) public inspection, etc. of the documents of Article 775, paragraph (1) of the Act under paragraph (3), item (i) of that Article;

(xlvii) public inspection, etc. of the documents of Article 782, paragraph (1) of the Act under paragraph (3), item (i) of that Article;

(xlviii) public inspection, etc. of the documents of Article 791, paragraph (2) of the Act under paragraph (3), item (i) of that Article;

(xlviii) public inspection, etc. of the documents of Article 794, paragraph (1) of the Act under paragraph (3), item (i) of that Article;

(xlix) public inspection, etc. of the documents of Article 801, paragraph (3), item (i) of the Act (the documents in paragraph (3), item (ii) of that Article if applied mutatis mutandis pursuant to paragraph (5) of that Article; the documents in paragraph (3), item (iii) of that Article if applied mutatis mutandis pursuant to paragraph (6) of that Article) under paragraph (4), item (i) of that Article (including as applied mutatis mutandis pursuant to paragraph (5) and paragraph (6) of that Article);

(l) public inspection, etc. of the documents of Article 803, paragraph (1) of the Act under paragraph (3), item (i) of that Article;

(li) public inspection, etc. of the documents of Article 811, paragraph (2) of the Act under Article 811, paragraph (3), item (i) of the Act (including as applied mutatis mutandis pursuant to paragraph (4) of that Article);

(lii) public inspection, etc. of the documents of Article 815, paragraph (3), item (i) of the Act (the documents in paragraph (3), item (ii) of that Article if applied mutatis mutandis pursuant to paragraph (5) of that Article; the documents in paragraph (3), item (iii) of that Article if applied mutatis mutandis pursuant to paragraph (6) of that Article) under paragraph (4), item (i) of that Article (including as applied mutatis mutandis pursuant to paragraph (5) and paragraph (6) of that Article).

(liii) public inspection, etc. of the documents of Article 816-2, paragraph (1) of the Act under paragraph (3), item (i) of that Article;

(liv) public inspection, etc. of the documents of Article 816-10, paragraph (2) of the Act under paragraph (3), item (i) of that Article.

(Means of Public Inspection)

Article 235 If a private business operator, etc. performs public inspection, etc. of electronic or magnetic records related to the documents inspected by the public in lieu of the modes of public inspection, etc. stated in the items of the preceding Article pursuant to the provisions of Article 5, paragraph (1) of the electronic document Act, public inspection, etc. must be performed by a means in which matters related to the public inspection, etc. are displayed on a screen of a computer kept at the office of the private business operator, etc., or by a means in which documents stating the matters that have been recorded in electronic or magnetic records are made available for public inspection, etc.

(Specifications for Delivery)

Article 236 The delivery, etc. prescribed by the applicable order of the competent ministry referred to in Article 6, paragraph (1) of the Electronic Document Act is the following modes of delivery, etc.:

(i) delivery, etc. of a transcript or extract of the articles of incorporation under Article 31, paragraph (2), item (ii) of the Act;

(ii) delivery, etc. of a transcript or extract of the articles of incorporation under Article 31, paragraph (3) of the Act;

(iii) delivery, etc. of a copy of the document of Article 33, paragraph (4) of the Act under paragraph (6) of that Article;

(iv) delivery, etc. of a transcript or extract of the documents of Article 171-2, paragraph (1) of the Act under paragraph (2), item (ii) of that Article;

(v) delivery, etc. of a transcript or extract of the documents of Article 173-2, paragraph (2) of the Act under paragraph (3), item (ii) of that Article;

(vi) delivery, etc. of a transcript or extract of the documents of Article 179-5, paragraph (1) of the Act under paragraph (2), item (ii) of that Article;

(vii) delivery, etc. of a transcript or extract of the documents of Article 179-10, paragraph (2) of the Act under paragraph (3), item (ii) of that Article;

(viii) delivery, etc. of a transcript or extract of the documents of Article 182-2, paragraph (1) of the Act pursuant to the provisions of paragraph (2), item (ii) of that Article;

(ix) delivery, etc. of a transcript or extract of the documents of Article 182-6, paragraph (2) of the Act under paragraph (3), item (ii) of that Article;

(x) delivery, etc. of a copy of the document of Article 207, paragraph (4) of the Act under paragraph (6) of that Article;

(xi) delivery, etc. of a copy of the document of Article 306, paragraph (5) of the Act under Article 306, paragraph (7) of the Act (including as applied *mutatis mutandis* pursuant to Article 325 of the Act);

(xii) delivery, etc. of a copy of the document of Article 358, paragraph (5) of the Act under paragraph (7) of that Article;

(xiii) delivery, etc. of a transcript or extract of the documents stated in the items of Article 378, paragraph (1) of the Act under paragraph (2), item (ii) of that Article;

(xiv) delivery, etc. of a transcript or extract of the documents stated in the items of Article 378, paragraph (1) of the Act under paragraph (3) of that Article;

(xv) delivery, etc. of a transcript or extract of the financial statements, etc. under Article 442, paragraph (3), item (ii) of the Act;

(xvi) delivery, etc. of a transcript or extract of the financial statements, etc. under Article 442, paragraph (4) of the Act;

(xvii) delivery, etc. of a transcript or extract of the balance sheet, etc. under Article 496, paragraph (2), item (ii) of the Act;

(xviii) delivery, etc. of a transcript or extract of the balance sheet, etc. under Article 496, paragraph (3) of the Act;

(xix) delivery, etc. of a transcript or extract of the documents of Article 775, paragraph (1) of the Act under paragraph (3), item (ii) of that Article;

(xx) delivery, etc. of a transcript or extract of the documents of Article 782, paragraph (1) of the Act under paragraph (3), item (ii) of that Article;

(xxi) delivery, etc. of a transcript or extract of the documents of Article 791, paragraph (2) of the Act under paragraph (3), item (ii) of that Article;

(xxii) delivery, etc. of a transcript or extract of the documents of Article 794, paragraph (1) of the Act under paragraph (3), item (ii) of that Article;

(xxiii) delivery, etc. of a transcript or extract of the documents of Article 801, paragraph (3), item (i) of the Act (the documents in paragraph (3), item (ii) of that Article if applied *mutatis mutandis* pursuant to paragraph (5) of that Article; the documents in paragraph (3), item (iii) of that Article if applied *mutatis mutandis* pursuant to paragraph (6) of that Article) under paragraph (4), item (ii) of that Article (including as applied *mutatis mutandis* pursuant to paragraph (5) and paragraph (6) of that Article);

(xxiv) delivery, etc. of a transcript or extract of the documents of Article 803, paragraph (1) of the Act under paragraph (3), item (ii) of that Article;

(xxv) delivery, etc. of a transcript or extract of the documents of Article 811, paragraph (2) of the Act under paragraph (3), item (ii) of that Article (including as applied *mutatis mutandis* pursuant to paragraph (4) of that Article);

(xxvi) delivery, etc. of a transcript or extract of the documents of Article 815, paragraph (3), item (i) of the Act (the documents in paragraph (3), item (ii) of that Article if applied *mutatis mutandis* pursuant to paragraph (5) of that Article; the documents in paragraph (3), item (iii) of that Article if applied *mutatis mutandis* pursuant to paragraph (6) of that Article) under paragraph (4), item (ii) of that Article (including as applied *mutatis mutandis* pursuant to paragraph (5) and paragraph (6) of that Article).

(xxvii) delivery, etc. of a transcript or extract of the documents of Article 816-2, paragraph (1) of the Act under paragraph (3), item (ii) of that Article;

(xxviii) delivery, etc. of a transcript or extract of the documents of Article 816-10, paragraph (2) of the Act under paragraph (3), item (ii) of that Article.

(Means of Delivery)

Article 237 (1) If a private business operator, etc. conducts delivery, etc. of electronic or magnetic records related to the documents to be delivered in lieu of the modes of delivery, etc. stated in the items of the preceding Article pursuant to the provisions of Article 6, paragraph (1) of the Electronic Document Act, the delivery must be conducted by the following means:

(i) among the means that use an electronic data processing system, those stated in (a) or (b):

(a) a means by transmitting through a telecommunications line connecting a computer used by the private business operator, etc. and a computer used by the receiver of the delivery, etc., and recording in a file kept on the computer used by the receiver;

(b) a means by providing the matters related to delivery, etc. that has been recorded in a file kept on a computer used by the private business operator, etc. for

inspection by the receiver of delivery, etc. through a telecommunications line and recording the matters in a file kept on the computer used by the receiver (if giving consent to receive or denying consent for delivery by the means as provided in Article 6, paragraph (1) of the Electronic Document Act, a means by recording that fact in a file kept on the computer used by the private business operator, etc.);

(ii) a means by delivering matters related to the delivery, etc. that has been recorded in a file prepared with a device capable of reliably recording certain matters on a magnetic disk or other equivalent means.

(2) The means stated in the preceding paragraph must make it possible for the receiver of delivery, etc. to prepare written documents by outputting the record in the file.

(Consent for Delivery)

Article 238 The types and content of means to be indicated pursuant to the provisions of Article 2, paragraph (1) of the Order for Enforcement of the Act on Utilization of Telecommunications Technology in Document Preservation, etc. Conducted by Private Business Operators, etc. (Cabinet Order No. 8 of 2005) are as follows:

(i) of the means as provided in paragraph (1) of the preceding Article, those used by a private business operator, etc.;

(ii) the format of recording into the file.

Supplementary Provisions

Omitted