

This English translation of the Electronically Recorded Monetary Claims Act (Act No. 102 of 2007(Yet to enter into force)) is awaiting the Cabinet Secretariat's reviews, and is subject to change accordingly.

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Electronically Recorded Monetary Claims Act (Act No.102 of 2007)

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Chapter 1 General Provisions

Article 1 (Purpose)

This Act shall provide for accruals and assignments, etc. of Electronically Recorded Monetary Claims, as well as the necessary matters regarding the business and supervision, etc. of Electronic Monetary Claim Recording Institutions that conduct the electronic recording pertaining to said Monetary Claims.

Article 2 (Definition)

- (1) The term "Electronically Recorded Monetary Claims" as used in this Act means monetary claims that require electronic records (hereinafter referred to simply as "Electronic Records") as prescribed in the provision of this Act, as a requirement for their accrual or assignment.
- (2) The term "Electronic Monetary Claim Recording Institution" as used in this Act means stock company designated by the competent minister as prescribed in the provision of Article 51(1).
- (3) The term "Registry" as used in this Act means a book in which a Monetary Claims Record is recorded, and this book is prepared by the Electronic Monetary Claim Recording Institution using a magnetic disk (which includes media specified by the ordinance of the competent ministry as being capable of unfailingly recording certain matters by means equivalent to those of magnetic disks).
- (4) The term "Monetary Claims Record" as used in this Act means the Electronically Recorded Monetary Claims that accrue when an accrual record is made, or an electromagnetic record (a record which is produced by electronic, magnetic, or any other means unrecognizable by natural perceptive function, and is provided for information processing by a computer; the same shall apply hereinafter) which is made with every Electronically Recorded Monetary Claim is split from the Electronically Recorded Monetary Claims as provided in Article 43(1)
- (5) The term "Recorded Matters" as used in this Act means the matters to be recorded in a Monetary Claims record based on the provision of this Act.
- (6) The term "Electronically Recorded Person" as used in this Act means the person recorded in the monetary claims record as an obligee or a pledgee of the Electronically Recorded Monetary Claims.
- (7) The term "Electronically Recorded Right Holder" as used in this Act means

- any person in the Electronic Record who directly profits from conducting electronic recording, and excludes any person who receives indirect profits.
- (8) The term "Electronically Recorded Obligation Holder" as used in this Act means any person in the Electronic Record who suffers direct disadvantages from conducting electronic recording, and excludes any person who suffers indirect disadvantages.
- (9) The term "Electronically Recorded Guaranty" as used in this Act means a recorded guaranty whose principal obligation pertains to Electronically Recorded Monetary Claims.

Chapter 2 Accrual, Assignment, etc. of Electronically Recorded Monetary Claims

Section 1 General Rules

Subsection 1 Electronic Records

Article 3 (Method for Making Electronic Records)

Electronic Records are made by way of the recording by the Electronic Monetary Claim Recording Institution of the Matters in question into the Registry.

Article 4 (Electronic Records Made by a Party's Request or Public Agency's Commission)

- (1) Electronic Records may not be made, unless otherwise prescribed by laws and regulations, if there is no request from a party or if there is no commission from a government agency or a public office.
- (2) The provision of this Act on the procedures for making Electronic Records based on a request, unless otherwise prescribed by laws and regulations, shall be applied *mutatis mutandis* to the procedure of making Electronic Records based on a commission from a government agency or a public office.

Article 5 (Requesting Party)

- (1) A request for Electronic Records, unless otherwise prescribed by laws and regulations, shall be made by both an Electronically Recorded Right Holder and an Electronically Recorded Obligation Holder. (in case of inheritance or other ordinary cases of succession regarding these holders, his/her heir or other general successors; the same shall apply to paragraph 3.)
- (2) Electronic Records based on the final and binding judgment ordering an Electronically Recorded Right Holder or an Electronically Recorded Obligation Holder (in case of inheritance or other ordinary cases of succession

regarding these holders, his/her heir or other general successors; the same shall apply to this paragraph) to make a request for Electronic Records, may be requested only by either other Electronically Recorded Right Holders or other Electronically Recorded Obligation Holders who are required to make said request .

(3) In the case where an Electronically Recorded Right Holder and a required Electronically Recorded Obligation Holder do not make a request for an Electronic Record in a concerted action, the request for the Electronic Record shall be put into effect when all these holders have made the request for the Electronic Record.

Article 6 (Method for Request)

Requests for Electronic Records shall be made by submitting a requester's name and address and other information specified by the Cabinet Order as necessary information for the request of Electronic Records to the Electronic Monetary Claim Recording Institution.

Article 7 (Electronic Records Made by Electronic Monetary Claim Recording Institution)

(1) The Electronic Monetary Claim Recording Institution shall, when a request for Electronic Records is made pursuant to the provision of this Act or an order based on this Act, make Electronic Records pertaining to said request without delay.

(2) Pursuant to the provision of operational rules provided in item 5 of Article 51(1) (hereinafter referred to simply as "Operational Rules" in this chapter), the Electronic Monetary Claim Recording Institution may not make guaranty records, pledge creation records, or division records; alternatively, the Electronic Monetary Claim Recording Institution may impose restrictions on the number of times, etc. that such Electronic Records or assignment records may be made. In this case, if the Electronic Monetary Claim Recording Institution has not Recorded Matters listed in item 15 of Article 16(2) in the Monetary Claims Record, no person may claim the validity of the provision of said Operational Rules.

Article 8 (Order of Electronic Records)

(1) If two or more requests for Electronic Records are made for the same Electronically Recorded Monetary Claim, the Electronic Monetary Claim Recording Institution shall make the Electronic Records in the order which said requests are made.

(2) In the case where two or more requests are made simultaneously for the same Electronically Recorded Monetary Claim, if the contents of the

Electronic Records pertaining to these requests contradict each other, notwithstanding the provision of Article 7(1), the Electronic Monetary Claim Recording Institution shall not make Electronic Records based on either request.

- (3) In the case where two or more requests are made for the same Electronically Recorded Monetary Claim, if the order of said requests is not clear, these requests shall be deemed as having been made simultaneously.

Article 9 (Validity of Electronic Records)

- (1) The contents of an Electronically Recorded Monetary Claim shall be determined by the records of the Monetary Claims Record.
- (2) Electronically Recorded Persons shall be presumed to legitimately hold the right on Electronically Recorded Monetary Claim pertaining to the Electronic Record in question.

Article 10 (Correction, etc. to Electronic Records)

- (1) The Electronic Monetary Claim Recording Institution shall make corrections to Electronic Records in the following cases. However, in the case where a third party with an interest in an Electronic Records exists, a consent of that third party is required.
 - (i) In the cases where upon making requests for Electronic Records, information that differs from the information provided to the Electronic Monetary Claim Recording Institution has been recorded.
 - (ii) In the case where an Electronic Record that may not be made without a request is made without a request.
 - (iii) In cases where as regards the Recorded Matters to be recorded by the Electronic Monetary Claim Recording Institution based on its authority, the contents that differ from the contents to be recorded have been recorded.
 - (iv) In cases where as regards the Recorded Matters which are to be recorded by the Electronic Monetary Claim Recording Institution based on its authority, the Recorded Matters have not been recorded (excluding cases where all the Recorded Matters of one Electronic Record are not recorded).
- (2) An Electronic Monetary Claim Recording Institution shall, if the Electronic Records have been deleted before the final day of either one of respective periods listed in respective items of Article 86, restore said Electronic Records. In this case, the provision of the proviso of the preceding paragraph shall be applied *mutatis mutandis*.
- (3) If the Electronic Monetary Claim Recording Institution is to make a correction or restoration pursuant to the provision of the two preceding paragraphs, it shall correct any Electronic Records that contradict the content of the Electronic Records after said correction or restoration is made.

- (4) If an electronic Monetary Claim Recording Institution makes a correction or restoration of Electronic Records pursuant to the provisions of paragraph 1 or 2, said Institution shall notify the Electronically Recorded Right Registered Holder and the Electronically Recorded Obligation Registered Holder about the contents of the correction or restoration (if neither an Electronically Recorded Right Registered Holder nor an Electronically Recorded Obligation Registered Holder exist, an Electronically Recorded Person).
- (5) The notice pursuant to the provision of the preceding paragraph shall be made to the person who made a request for Electronic Records in lieu of another person pursuant to the provision of Article 423 of the Civil Code (Act no. 89 of 1896) and of other laws and regulations. However, if there are two or more persons who have made the request for the Electronic Records in lieu of other person, it will be sufficient to notify one of those persons who made the request for Electronic Records in lieu of the other person.

Article 11 (Responsibility of the Electronic Monetary Claim Recording Institution Regarding False Electronic Records, etc.)

In the cases listed in the respective items of paragraph 1 of the preceding article, or in the cases provided in paragraph 2 of the preceding article, the Electronic Monetary Claim Recording Institution shall be responsible for compensating for the damage incurred by the person requesting said Electronic Records and other third parties, based on the events provided in these provisions; provided, however, that this shall not apply to the cases where the representative person and employee, and other workers at the Electronic Monetary Claim Recording Institution can prove that he/she was not negligent in the conduct of his/her duty.

Subsection 2 Manifestation of Intention, etc. Pertaining to Electronically Recorded Monetary Claims

Article 12 (Special Provision for Nullity of Manifestation of Intention or Rescission of Manifestation of Intention)

- (1) As regards the manifestation of intention towards the opponent in requesting Electronic Records, a nullity of the manifestation of intention based on the provision of the proviso of Article 93 of the Civil Code or the provision of Article 95 of the Civil Code and rescission based on Article 96 (1) or (2) may not be duly asserted against a third party without knowledge without gross negligence (as regard to the rescission based on the provision of Article 96(1) and (2), limited to the third party after rescission).
- (2) The provision set forth in the preceding paragraph shall not be applied in

the following cases.

- (i) In the case where the third party prescribed in the preceding paragraph is a person who will be an assignee, or a pledge, an attaching creditor or a provisional attaching creditor or a bankruptcy trustee, when a ruling for the Electronically Recorded Monetary Claim's assignment, or its pledge or its attachment or its provisional attachment or its commencement of bankruptcy proceedings is made after the date of payment. (As for Electronically Recorded Monetary Claims to be paid in installment, these are limited to the part whose date of payment has arrived.)
- (ii) In the case where a person who attempts to raise a defense against a nullity or a rescission of manifestation of intention under the preceding paragraph is an individual (excluding those who are recorded as an individual business operator (This refers to an individual who is also a business operator as provided in Article 2 (2) of the Consumer Contract Act (Act No. 61 of 2000)). The same shall apply hereinafter.) in said Electronic Records).

Article 13 (Special Provision Regarding the Responsibility of Unauthorized Agent)

In applying the provision of Article 117(2) of the Civil Code regarding the manifestation of intention towards a opponent in making a request for Electronic Records, the term "negligence" in said paragraph shall be read as "gross negligence".

Article 14 (Responsibility of the Electronic Monetary Claim Recording Institution Regarding the Request for Electronic Records made by Person without Authority)

The Electronic Monetary Claim Recording Institution shall be responsible for compensating for damage incurred by a third party in the case where it has made Electronic Records based on the request of the following persons; provided, however, that this shall not apply to the case where an representative person and an employee, and other workers of the Electronic Monetary Claim Recording Institution prove that he/she was not negligent in the conduct of his/her duty:

- (i) A Person without an authority of representation; or
- (ii) A Person who impersonates another person.

Section 2 Accrual

Article 15 (Accrual of Electronically Recorded Monetary Claims)

An accrual of Electronically Recorded Monetary Claims (excluding

Electronically Recorded Monetary Claims that pertain to a guaranty record and an electronically recorded monetary claim(hereinafter referred to as "Special Rights to Obtain Reimbursement ") acquired by a person who has provided an Electronically Recorded Guaranty (hereinafter referred to as "Electronically Recorded Guarantor") pursuant to the provision of paragraph 1 of Article 35(including the case where the provision is applied mutatis mutandis to Paragraphs 2 and 3 of the same article). The same shall apply to the following article) takes place when the accrual record is made.

Article 16 (Accrual Record)

- (1) In an accrual record, the following matters shall be recorded:
 - (i) A statement to the effect that the obligor shall pay a certain amount;
 - (ii) The Date of payment (limited to a fixed date. In cases where the obligation is paid in installments, the respective dates of payment);
 - (iii) The name and the address of the obligee;
 - (iv) In cases where there are two or more obligees, and if the claim is an indivisible claim, a statement to this effect. If the claim is divisible, an amount of the claims for each respective obligees;
 - (v) The name and the address of the obligor;
 - (vi) In cases where there are two or more obligors, and if the obligation is an indivisible or joint and several obligation, a statement to this effect. If the obligation is divisible, an amount of the obligation for each respective obligors;
 - (vii) The record number (this refers to a number attached to the respective Monetary Claims Record, which is given when an accrual record or a division record is made; the same shall apply hereinafter); and
 - (viii) The date of Electronic Record.
- (2) In the accrual record, the following matters may be recorded:
 - (i) In the case where making a payment pertaining to the contract regarding a settlement of the remittance between the accounts provided in Article 62 (1), the records to this effect and the obligor's account of deposits or postal savings (hereinafter referred to as "Obligor's Account") and the obligee's account of deposits or of postal savings (hereinafter referred to as "Obligee's Account");
 - (ii) In cases where making a payment pertaining to the contract provided in Article 64, a statement to this effect;
 - (iii) In addition to the cases provided in the preceding two items, in cases where other agreements are made regarding the payment method, the aforementioned agreements (In the case where an obligation is paid in installment, the amount to be paid in respective dates of payment shall be included.);

- (ix) In cases where an agreement is made regarding interest, delinquency charges or penalties, the aforementioned agreement;
- (v) In the case where an agreement is made on forfeiture of time benefit, the aforementioned agreement;
- (vi) In the case where an agreement is made on a set-off or a substitute performance, the aforementioned agreement;
- (vii) In the case where an agreement is made on a designation of an obligation to be performed, the aforementioned agreement;
- (viii) In the case where an agreement is made not to apply the provision of paragraph 1, Article 19 (including cases in which the provision is applied mutatis mutandis to Article 38 by replacing the terms of the provision as prescribed in Article 38), the aforementioned agreement;
- (ix) In the case where an obligee or an obligor is an individual business operator, a statement to this effect;
- (x) In the case where an obligor is a juridical person or an individual business operator (limited to those who will be recorded to that effect) and when an agreement is made not to apply the provision of paragraph 1 of Article 20 (including the case where the provision is applied mutatis mutandis to Article 38 by replacing the terms of the provision as prescribed in Article 38), the aforementioned agreement;
- (xi) In the case where an obligor is a juridical person or an individual business operator (limited to those who will be recorded to that effect), and when the agreement listed in the preceding item is not recorded, if an agreement is made regarding a defense that the obligor can raise vis-a-vis the obligee (including the assignee of the assignment record; hereinafter the same shall apply in this paragraph), the aforementioned agreement;
- (xii) In the case where an agreement not to make an assignment record, a guaranty record, a pledge creation record or a division record is made, or in the cases where an agreement is made to restrict the number of times, etc. that such Electronic Records may be made, these agreements;
- (xiii) In the case where an agreement is made regarding the method of notice between an obligee and an obligor, the aforementioned agreement;
- (xiv) In the case where an agreement is made regarding the method to settle disputes between an obligee and an obligor, the aforementioned agreement;
- (xv) In the case where an agreement not to allow the Electronic Monetary Claim Recording Institution to make a guaranty record, a pledge creation record, or a division record is made pursuant to the provision of Article 7(2), or in the case where an agreement is made to restrict the number of times, etc. such Electronic Records or assignment records may be made, the aforementioned agreements; or
- (xvi) In addition to the matters listed in the respective preceding items, the

matters that are specified by the Cabinet Order to be the contents of Electronically Recorded Monetary Claims.

- (3) If any matters listed in items 1 to 6 of paragraph 1 are lacking, any Electronically Recorded Monetary Claims in question do not accrue.
- (4) As regard to records made on the matters listed in item 9, paragraph 2 pertaining to the consumer that is provided by Article 2(1) of the Consumer Contract Act (hereinafter simply referred to as "Consumer"), these records shall not be effective.
- (5) Despite the provisions in paragraphs 1 and 2, pursuant to the provision of its Operational Rules, the Electronic Monetary Claim Recording Institution may decide not to record the matters listed in item 2 of paragraph 1 (in the case where an obligation is paid in installment, limited to the part pertaining to the respective date of payment) and the respective items in paragraph 2 (excluding items 1, 2, and 9), or the Electronic Monetary Claim Recording Institution may impose restrictions on the recording of said matters.

Section 3 Assignment

Article 17 (Assignment of Electronically Recorded Monetary Claims)

Assignments of Electronically Recorded Monetary Claims shall not be effective unless assignment record is made.

Article 18 (Assignment Record)

- (1) In an assignment record, the following matters shall be recorded:
 - (i) A statement to the effect that the assignment of Electronically Recorded Monetary Claims has been effected;
 - (ii) In the case where an assignor is an heir to the Electronically Recorded Obligation Holder, the name and address of the assignor;
 - (iii) The name and the address of an assignee; and
 - (ix) The date of an Electronic Record.
- (2) In an assignment record, the following matters may be recorded:
 - (i) In the case where an agreement is recorded in the accrual record to the effect that a payment of the obligation shall be made to the Obligee's Account (if an alteration record is made for the Recorded Matter of said accrual record, this alteration record is included; the same shall apply hereinafter), and when, upon making the assignment record, the assignee intends to receive a payment by a payment to his/her deposit or postal savings account, said account (if an agreement regarding a change in the deposit or postal savings account used for payments is recorded in the accrual record, this is limited to those that do not conflict with the accrual

record);

- (ii) In the case where an assignor is an individual business operator, a statement to this effect;
 - (iii) In the case where an agreement is made regarding the method of notice between an assignor and an assignee (including those who are recorded as an assignee after the assignment record is made; the same shall apply in the following item), the aforementioned agreement;
 - (ix) In the case where an agreement is made regarding the method for settling a dispute between an assignor and an assignee, the aforementioned agreement; or
 - (v) In addition to what is listed in the respective preceding items, the matters that are specified by the Cabinet Order.
- (3) The Records on the matters listed in item 2 of the preceding paragraph regarding a Consumer shall not be effective.
- (4) In the case where the matters (limited to the part pertaining to assignment record) listed in item 12 or 15 of Article 16(2) are recorded in the accrual record, the Electronic Monetary Claim Recording Institution shall not bring the assignment record into conflict with the contents of said accrual record.

Article 19 (Acquisition in Good Faith)

- (1) The person who is recorded as an assignee of the Electronically Recorded Monetary Claims by way of a request for an assignment record shall acquire said Electronically Recorded Monetary Claims; provided, however that this does not apply to the case in which the person acted with knowledge or conducted acts of gross negligence.
- (2) The provision set forth in the preceding paragraph shall not be applied in the following cases:
- (i) In the case where the matters listed in item 8 of Article 16(2) are recorded;
 - (ii) In the case where the person prescribed in the preceding paragraph has been recorded as an assignee of the Electronically Recorded Monetary Claims (in the case in which payments are made in installment, limited to the portion whose date of payment has arrived) by a request for assignment record which was made after the date of payment; or
 - (iii) In the case where the manifestation of intention of an individual (excluding those who are recorded as individual business operators), who is an assignor of the Electronically Recorded Monetary Claim, towards the assignee, regarding a request for an assignment record, is not effective and when the person prescribed in the preceding paragraph has been recorded based on the request for an assignment record that was made after said assignment record was made.

Article 20 (Inability to Claim Affirmative Defense)

- (1) An obligor in the accrual record or an Electronically Recorded Guarantor (hereinafter referred to as "Electronically Recorded Obligor") may not raise a defense vis-a-vis an obligee of the Electronically Recorded Monetary Claims using a defense based on the individual relationship (Jinteki-kankei) with the person who assigned said Electronically Recorded Monetary Claims to the obligee of those claims; provided, however, that this shall not apply in the case where said obligee acquired those Electronically Recorded Monetary Claims knowing that said obligor would be harmed.
- (2) The provision set forth in the preceding paragraph shall not be applied in the following cases:
 - (i) In cases where the matters listed in item 10 of Article 16(2) or item 6 of Article 32(2) are recorded;
 - (ii) In the case where the obligee set forth in the preceding paragraph has been recorded as an assignee of an Electronically Recorded Monetary Claim (in cases where payments are made in installment, limited to the part whose date of payment has arrived) by way of a request for an assignment record which was made after the date of payment; or
 - (iii) In the cases where the Electronically Recorded Obligor set forth in the preceding paragraph is an individual (excluding those who are recorded as an individual business operator).

Section 4 Extinguishment

Article 21 (Payment Discharge)

A Payment regarding an Electronically Recorded Monetary Claim to an Electronically Recorded Person is effective even in the case where said Electronically Recorded Person does not have the right to receive the payment; provided, however, that this shall not apply to the case in which the person who made the payment has acted with knowledge or conducted an act of gross negligence.

Article 22 (Merger, etc.)

- (1) In the case where an Electronically Recorded Obligor (including his/her heir and other general successors; hereinafter the same shall apply in this paragraph) has acquired an Electronically Recorded Monetary Claim, notwithstanding the provision of the main clause in Article 520 of the Civil Code, said Claims shall not be extinguished provided, however, that this shall not apply in the case where a record of payment, etc. has been made due to the merger accompanying the acquisition of said Electronically Recorded Monetary Claims based on a request by said Electronically Recorded Obligor

- or another Electronically Recorded Obligor who has gained his/her approval.
- (2) The Persons listed in the following respective items may not request for the performance of obligations (hereinafter referred to as "Electronically Recorded Guaranty Obligation") that arises from an Electronically Recorded Guaranty to the persons prescribed in said respective items, even if they acquire an Electronically Recorded Monetary Claim:
- (i) An Obligor in accrual record, an Electronically Recorded Guarantor; or
 - (ii) An Electronically Recorded Guarantor, other Electronically Recorded Guarantors (if an act of payment or other act to extinguish the obligation recorded as principal obligation in exchange for his/her property has been conducted, limited to those who may exercise the special right to obtain reimbursement to the Electronically Recorded Guarantor listed in this item).

Article 23 (Extinctive Prescription)

Electronically Recorded Monetary Claims shall be extinguished in cases where said Claims have not been exercised for three years due to the statute of limitations.

Article 24 (Recorded Matters in Payment, etc. Record)

- (1) In a payment, etc. record, the following matters shall be recorded:
- (i) The matters that are needed to specify an obligation to an Electronically Recorded Person that has been or is to be extinguished by an act that extinguishes the entirely or a part of the obligation, such as a payment, a set-off, etc. or a merger (hereinafter referred to as "Payment, etc.");
 - (ii) An amount of Payment, etc. and other information regarding said Payment, etc. (in the case where there are interest payments, delinquency charges, penalties or expenses, the amount of principal that has been extinguished shall be included);
 - (iii) The Date of Payment, etc;
 - (ix) The name and the address of the person who made the Payment, etc. (in the case where the Payment, etc. is made in the form of extinguishment of obligation by a setting-off, the obligee to the Electronically Recorded Person's obligation thus extinguished; the same shall apply hereinafter);
 - (v) In the case where the person who has made the Payment, etc. has a legitimate interest prescribed in Article 500 of the Civil Code in regard to making said Payment, etc., its reason;
 - (vi) The date of the Electronic Record; and
 - (vii) In addition to what is listed in the respective preceding items, the matters that are specified by the Cabinet Order.

Article 25 (Request for Payment, etc. Record)

- (1) Requests for Payment, etc. record may be made only by the persons listed in the following matters:
 - (i) Electronically Recorded Obligation Holders for said Payment, etc. record;
 - (ii) Heirs or other general successors to the person listed in the preceding item; or
 - (iii) Any persons who have gained approval from all the persons listed in the two preceding items, and those who are listed in the following matters.
 - (a) Electronically Recorded Obligors;
 - (b) Persons who has made the Payment, etc. (excluding those who are listed in the preceding two items and (a)); or
 - (c) Heirs or other general successors to the person listed in (a) or (b) .
- (2) In the case where an Payment, etc. has been made for an Electronically Recorded Monetary Claim or secured claims of pledges whose subject matter is Electronically Recorded Monetary Claims (referred to as "Electronically Recorded Monetary Claims, etc." in the next paragraph), the persons listed in (a) to (c), item 3 of the preceding paragraph may request the persons listed in item 1 or item 2 of the same paragraph to give approval regarding item 3 of the same paragraph.
- (3) The person to make the payment for Electronically Recorded Monetary Claims, etc. may request approval under item 3 of paragraph 1, in exchange for making said payment to the person listed in item 1 or item 2 of the same paragraph.
- (4) Requests regarding the records for Payment, etc. based on a completion of Payment, etc. for claims secured by revolving pledges may not be made unless said Payment, etc. has been made after the fixation of the principal to be secured by said revolving pledge and unless the Electronic Record of that fixation of the principal has been completed.

Section 5 Alteration of the Recorded Matter

Article 26 (Alteration Arising from the Manifestation of Intention, etc. Regarding the Contents, etc. of the Electronically Recorded Monetary Claims)

Alteration of the contents of Electronically Recorded Monetary Claims or pledges whose subject matter is the Electronically Recorded Monetary Claims by manifestation of intention shall not be effective without the making of alteration records, unless otherwise prescribed by this Act.

Article 27 (Recorded Matters in Alteration Record)

In an alteration record, the following matters shall be recorded:

- (i) Recorded Matters to be altered;

- (ii) A statement to the effect that an alteration is to be made on the Recorded Matter prescribed in the preceding item and the cause of alteration;
- (iii) The contents of the Recorded Matter prescribed in item 1 after the alteration (in cases where said Recorded Matter is not to be recorded, a statement to the effect that said Recorded Matter will be deleted); and
- (ix) The date of Electronic Records.

Article 28 (Alteration Records to be made when Electronically Recorded Monetary Claims have been transferred with Assignments of the Right to Obtain Reimbursement)

Alteration records, which is made when Electronically Recorded Monetary Claims are transferred with the assignment of the right to obtain reimbursement (excluding the special right to obtain reimbursement) by the person who is recorded to have made a payment in the Monetary Claims Record and who has become an obligee of the claims by subrogation based on said Payment, etc., will be made by making a record altering the name and the address of the person to those of an assignee of said right to obtain reimbursement.

Article 29 (Request for Alteration Record)

- (1) Requests for alteration records shall be made by all persons that have interests (in case of inheritance or other general cases of succession regarding these persons, this act shall be applied to his/her heir or other general successors) in the Electronic Records of consequence to said alteration record.
- (2) Notwithstanding the provision of the preceding paragraph, an alteration record aimed at altering Electronically Recorded Persons or Electronically Recorded Obligors due to inheritance or merger of juridical persons may be requested solely by the heir, or the juridical person that will continue to exist after the merger, or the juridical person established by the merger. However, if there are two or more heirs, all of them shall make requests for said alteration record.
- (3) The provision of Article 5(2) and (3) shall be applied mutatis mutandis to cases prescribed in paragraph 1 and the proviso of the preceding paragraph.
- (4) Notwithstanding the provision of paragraph 1, requests for the alteration record regarding the name or the address of an Electronically Recorded Person or an Electronically Recorded Obligor may be made on his/her own. The same shall apply to the alteration record which is clear that it will not have any influence upon other persons' right and obligation and which is prescribed in the Operational Rules.

Article 30 (Responsibility of the Electronically Recorded Obligor when

Alteration Record is Ineffective)

- (1) In the case where an alteration record is not valid due to the ineffectiveness or rescission of the request, or other reasons, the Electronically Recorded Obligor who bore the obligation before said alteration record was made shall bear the responsibility as stated in the contents of the Monetary Claims Record before the alteration record was made. However, for those who have made a legitimate manifestation of intention to the counter party in the request for said alteration record, the Electronically Recorded Obligor who has manifested his/her intention shall bear responsibility according to the contents of the Monetary Claims Record after said alteration record has been made.
- (2) In the case where provided for in the main clause of the preceding paragraph, an Electronically Recorded Obligor who has borne the obligation after said alteration record has been made shall bear the responsibility in accordance with to the contents of the Monetary Claims Record after said alteration.

Section 6 Electronically Recorded Guaranty

Article 31 (Accrual of Electronically Recorded Monetary Claims by Guaranty Record)

Electronically Recorded Monetary claims pertaining to an Electronically Recorded Guaranty accrue when the guaranty record is made.

Article 32 (Guaranty Record)

- (1) In the guaranty record, the following matters shall be recorded:
 - (i) A statement to the effect that guaranty will be provided;
 - (ii) The name and the address of the guarantor;
 - (iii) The name and the address of the principal obligor and other matters that are required to specify the principal obligation; and
 - (ix) The date of Electronic Record.
- (2) In the guaranty record, the following matters may be recorded:
 - (i) In the case where an agreement, to the effect that the scope of guaranty will be limited, is made, the aforementioned agreement;
 - (ii) In the case where an agreement is made regarding delinquency charges or penalties, the aforementioned agreement;
 - (iii) In the case where an agreement regarding a set-off or a substitute performance is made, the aforementioned agreement;
 - (ix) In the case where an agreement is made on the designation of obligations to be performed, the aforementioned agreement;
 - (v) In the case where the guarantor is an individual business operator, a

statement to this effect;

- (vi) In the case where a guarantor is a juridical person or an individual business operator (limited to those who have been recorded to this effect) and has agreed not to apply the provision of paragraph 1 of Article 20 (including cases where the provision is applied mutatis mutandis to Article 38 by replacing the terms of the provision as prescribed in Article 38) regarding the events in which the guarantor may raise a defense vis-a-vis the obligee who has made a guaranty record, the aforementioned agreement;
 - (vii) In the case where a guarantor is a juridical person or an individual business operator (limited to those who will be recorded to that effect) and when the agreement listed in the preceding item is not recorded, if an agreement is made regarding a defense that enables the guarantor to raise a defense vis-a-vis the obligee (including assignee of the assignment record; hereinafter the same shall apply in this paragraph), the aforementioned agreement;
 - (viii) In the case where an agreement is made regarding the method of notice between an obligee and a guarantor, the aforementioned agreement;
 - (ix) In cases where an agreement is made regarding the method for settling a dispute between an obligee and a guarantor, the aforementioned agreement;
or
 - (x) In addition to the matters listed in the respective preceding items, the matters that are specified by the Cabinet Order.
- (3) In the case where any record on the matters listed in items 1 to 3 in paragraph 1 is missing, Electronically Recorded Monetary Claims pertaining to Electronically Recorded Guaranty shall not accrue.
- (4) Records on the matters listed in item 5 of paragraph 2 regarding Consumer shall not be effective.
- (5) In cases where the matters (limited to the part pertaining to guaranty record) listed in item 12 or item 15 of Article 16(2) are recorded in the accrual record, the Electronic Monetary Claim Recording Institution shall not make a guaranty record that conflicts with the contents of said accrual record.

Article 33 (Independence of Electronically Recorded Guaranty)

- (1) The validity of an Electronically Recorded Guaranty Obligation shall not be impaired, even in the case where the person who is recorded as a principal obligor does not assume his/her principal obligation (excluding cases where records of the matters listed in items 1 to 6 of Article 16(1) or items 1 to 3, paragraph 1 of the preceding article are missing).
- (2) The provision set forth in the preceding paragraph shall not apply in the case where an Electronically Recorded Guarantor is an individual (excluding

those who are recorded to the effect that they are individual business operators).

Article 34 (Exclusion from Application of the Civil Code, etc.)

(1) Provisions for Articles 452, 453 and 456 to 458 of the Civil Code and Article 511(2) of the Commercial Code (Act No. 48 of 1899) shall not be applied to Electronically Recorded Guaranty.

(2) Notwithstanding the provision of the preceding paragraph, in the case where an Electronically Recorded Guarantor is an individual (excluding those who are recorded to the effect that they are individual business operators), said Electronically Recorded Guarantor may raise a defense vis-a-vis an obligee by setting off any claim which the principal obligor may have vis-a-vis the obligee.

Article 35 (Special Right to Obtain Reimbursement)

(1) In the case where an Electronically Recorded Guarantor, whose principal obligation is accrued from the accrual record, makes a disbursement (the term disbursement signifying an act of payment or other acts aimed at extinguishing the obligation recorded as the principal obligation in exchange for his/her property; the same shall apply hereinafter in this article), and the record of Payment, etc. to the effect is made, notwithstanding the provisions of Articles 459, 462, 463 and 465 of the Civil Code, said guarantor shall acquire the Electronically Recorded Monetary Claims as pertains to the total sum of the amount of common discharge acquired in exchange for making disbursement, the amount of delinquency charges accrued after the day of disbursement, and the amount of unavoidable expenses, vis-a-vis the persons listed in the following matters. However, as for the persons listed in item 3, an Electronically Recorded Monetary Claim acquired will be limited to the share be borne by those listed in item 3 within the amount over with said guarantor made his/her share debenture:

(i) Principal obligor;

(ii) Other Electronically Recorded Guarantors who have provided Electronically Recorded Guaranties to the obligation when the person who made said disbursement was an obligee of the obligation before the person became an Electronically Recorded Guarantor of the obligation; and

(iii) Other Electronically Recorded Guarantors whose principal obligation is the same as said principal obligation (excluding the persons listed in the preceding item and the person who was an obligee pertaining to the Electronically Recorded Guaranty of the person who made said disbursement before the person became the Electronically Recorded Guarantor).

- (2) The provision of the preceding paragraph shall be applied mutatis mutandis to the case where an Electronically Recorded Guarantor, whose principal obligation is the obligation accrued pursuant to the provision of the preceding paragraph, makes a disbursement.
- (3) The provision of the first paragraph shall be applied mutatis mutandis to the case where an Electronically Recorded Guarantor, whose principal obligation is an Electronically Recorded Guaranty Obligation, makes a disbursement. In this case, the term "the persons listed in the following matters" shall be deemed to have been replaced with the term "the persons listed in the following matters and the persons who are to fall under the category of those listed in the following matters if the disbursement was made by the Electronically Recorded Guarantor who is recorded as the principal obligor."

Section 7 Pledges

Article 36 (Pledging Electronically Recorded Monetary Claims)

- (1) The creation of a pledge whose subject matters are Electronically Recorded Monetary Claims shall not be effective unless pledge creation record is made.
- (2) Provision of Article 362(2) of the Civil Code shall not be applied to pledges in the preceding paragraph.
- (3) The provisions of Articles 296 to 300, Articles 304, 342, 343, 346, 348, 349, 351, 373, 374, 378, 390, 391, Articles 398-2 to 398-10, 398-19, 398-20 (excluding item 3 of paragraph 1), and 398-22 of the Civil Code, shall be applied mutatis mutandis to the pledges in paragraph 1.

Article 37 (Recorded Matters in Pledge Creation Record)

- (1) In the pledge creation record (excluding pledge creation record for revolving pledges; the same shall apply in the following paragraph), the following matters shall be recorded:
 - (i) A statement to the effect that the pledge is to be created;
 - (ii) The name and the address of pledgee;
 - (iii) The name and the address of the obligor of the secured claims, the amount of secured claims (as for claims whose subject matter is not a fixed amount, their values; the same shall apply hereinafter), and other matters necessary in order to specify the secured claim;
 - (ix) A number showing the order of the pledge creation record and the Electronic Record for sub-pledge in one monetary claims record (hereinafter referred to as a "Pledge Number"); and
 - (v) The date of Electronic Records.
- (2) In the pledge creation record, the following matters may be recorded:

- (i) In cases where an agreement is made regarding the secured claims' interest, delinquency charges or penalty, the aforementioned agreement;
 - (ii) If a condition is attached to the secured claims, the aforementioned condition;
 - (iii) In the case where separate agreement is made regarding the proviso of Article 346, Civil Code that is applied mutatis mutandis to paragraph 3, preceding article, the aforementioned agreement;
 - (ix) In the case where an agreement is made regarding the method, the conditions and other matters regarding the execution of pledge, the aforementioned agreement;
 - (v) In the case where an agreement is recorded in the accrual record to the effect that the payment of the obligation pertaining to Electronically Recorded Monetary Claims shall be made to the Obligee's Account, and when, upon making the pledge creation record, the pledgee intends to receive the payment by payment to his/her deposit account or postal savings account, said account (if an agreement regarding a change in the deposit or postal savings account used for payments is recorded in the accrual record, this is limited to those that do not conflict with the accrual record);
 - (vi) In the case where an agreement is made regarding the method of notice between the pledgor and the pledgee (including those who are recorded as pledgee with regard to said pledge after the pledge creation record has been made; the same shall apply in the following item), the aforementioned agreement;
 - (vii) In cases where an agreement is made regarding the method for settling a dispute between the pledgor and the pledgee, the aforementioned agreement; or
 - (viii) In addition to what is listed in the respective preceding items, matters that are specified by the Cabinet Order.
- (3) In the pledge creation record involving revolving pledges, the following matters shall be recorded:
- (i) A statement to the effect that the revolving pledge is to be created;
 - (ii) The name and the address of the revolving pledgee; and
 - (iii) The name and address of the obligor to claims that are to be secured.
- (4) In the revolving pledge creation record, the following matters may be recorded:
- (i) In the case where an agreement is made regarding the date on which the principal to be secured is to be determined, the aforementioned agreement;
or
 - (ii) In the case where an agreement is made regarding the method, condition and other matters regarding the execution of revolving pledge, the aforementioned agreement.

- (iii) In the case where an agreement is recorded in the accrual record to the effect that the payment of the obligation pertaining to Electronically Recorded Monetary Claims shall be made to the Obligee's Account, and when, upon making the revolving pledge creation record, the revolving pledgee intends to receive the payment by payment to his/her deposit account or postal savings account, said account (if an agreement regarding a change in the deposit or postal savings account for payments is recorded in the accrual record, this is limited to those that do not conflict with the accrual record).
- (ix) In the case where an agreement is made regarding the method of notice between revolving pledgor and revolving pledgee (including those who are recorded as revolving pledgee with regard to said revolving pledge after the revolving pledge creation record is made; the same shall apply in regards to the following item), the aforementioned agreement.
- (v) In the case where an agreement is made regarding the method for settling disputes between revolving pledgor and revolving pledgee, the aforementioned agreement.
- (vi) In addition to what is listed in the respective preceding items, the matters that are specified by the Cabinet Order.
- (5) In cases where the matters (limited to the part pertaining to pledge creation record) listed in item 12 or item 15 of Article 16(2) are recorded in the accrual record, the Electronic Monetary Claim Recording Institution shall not make the pledge creation record that conflicts with the contents of said accrual record.

Article 38 (Acquisition without Knowledge and Limitation on Defense)

The provision of Articles 19 and 20 shall be applied mutatis mutandis to pledge creation record. In this case, the term "assignee" shall be deemed as having been to be replaced with "pledgee", and the term "said Electronically Recorded Monetary Claims" shall be deemed as having be replaced with "said pledge" in Article 19(1), the term "assignee" shall be deemed been replaced with "pledgee" in item 2, paragraph 2 of the same article, the term "assignment record that was made" shall be deemed as having been replaced with "pledge creation record that was made" in item 3, paragraph 2 of the same article, the term "vis-a-vis the obligee...assigned said Electronically Recorded Monetary Claims to said obligee" shall be deemed as having been replaced with "vis-a-vis the pledgee...created the pledge for said pledgee "in Article 20(1), the term " said obligee" shall be deemed as having been replaced with " said pledgee" and the term "acquired said Electronically Recorded Monetary Claims" shall be deemed as having been replaced with "acquired said pledge" in the proviso of Article 20(1), and the term "obligee" and the term "assignee" shall be deemed as

having been replaced with "pledgee" in item 2, paragraph 2 of the same article.

Article 39 (Electronic Records to Change Order of Priorities of Pledges)

- (1) In the Electronic Records for changes in order of priorities of pledges pursuant to the provision of Article 374(1) of the Civil Code that shall be applied mutatis mutandis to Article 36(3), the following matters shall be recorded:
 - (i) A statement to the effect that the order of priorities of pledges is to be changed;
 - (ii) Pledge Number of the pledge whose order of priorities is to be changed;
 - (iii) Order of priorities of pledge after change; and
 - (ix) Date of Electronic Records.
- (2) Requests for Electronic Records prescribed in the preceding paragraph shall be made by all Electronically Recorded Persons whose orders of priorities of pledges are to be changed. In this case, the provision of Article 5(2) and (3) shall be applied mutatis mutandis.

Article 40 (Sub-Pledges)

- (1) Sub-pledges pursuant to the provision of Article 348 of the Civil Code that will be applied mutatis mutandis to Article 36(3) shall not be effective unless Electronic Records for sub-pledges are made.
- (2) Provisions in paragraphs 1 to 4 of Article 37 shall be applied mutatis mutandis to Electronic Records for sub-pledges.
- (3) Pledge Number of the pledge in question that is the subject matters of sub-pledges shall also be recorded in the Electronic Records of sub-pledges.
- (4) In cases where pledgees create sub-pledges for two or more persons, the order of priority of these sub-pledges shall follow the chronological order of the creation of their electronic recording.

Article 41 (Special Provision on Alteration Record made due to the Transfer of Pledges, etc. that Accompanies the Assignments of Secured Claims)

- (1) In the alteration record made as a result of due to the transfer of pledges or sub-pledges made in cases of partial assignment of secured claims, the amount of secured claim that is the subject matter of said assignment shall also be recorded in addition to the matters listed in respective items of Article 27.
- (2) When assignments of claims to be secured by revolving pledge are made, request for alteration record caused by the transfer of revolving pledge may not be made unless said assignment are conducted after the fixation of the principal which is to be secured by said revolving pledge, and the Electronic Record of said fixation has been completed.

Article 42 (Electronic Records to fix the Principal to be secured by Revolving Pledge)

- (1) In the Electronic Record to fix the principal to be secured by revolving pledge (hereinafter simply referred to as "Principal" in this article), the following matters shall be recorded:
 - (i) A statement to the effect that the Principal has been fixed;
 - (ii) The Pledge Number of the revolving pledge whose Principal has been fixed;
 - (iii) Date of fixing of Principal; and
 - (ix) Date of Electronic Records.
- (2) Electronic recording for the Principal that has been fixed pursuant to the provision of Article 398-19(2) or item 4 of Article 398-20(1) of the Civil Code, that are applied mutatis mutandis to Article 36(3) may be requested solely by the Electronically Recorded Person of said revolving pledge. However, when a request is made after the Principal has been fixed pursuant to the provision of item 4 of Article 398-20 of the Civil Code, the request shall be made in conjunction with the request for Electronic Records of the request to acquire said revolving pledge or the right whose subject matter is said revolving pledge.

Section 8 Division

Article 43 (Division Record)

- (1) Electronically Recorded Monetary Claims may be divided (including cases where, when there are two or more persons who are recorded as obligee or obligor, the Electronically Recorded Monetary Claims may be divided with respect to a certain obligor or obligee).
- (2) Division of Electronically Recorded Monetary Claims is conducted, pursuant to the provision of the next article to Article 47, by making division records in Monetary Claims Record in which electronically recorded monetary claims to be divided is recorded (hereinafter referred to as "Original Monetary Claims Record"), and in Monetary Claims Record which will be newly created (hereinafter referred to as "Divided Monetary Claims Record"), and by simultaneously recording a portion of the matters recorded in the Original Monetary Claims Record in the Divided Monetary Claims Record.
- (3) Requests for the division record may be only made by the person who is recorded as the obligee in the Divided Monetary Claims Record.

Article 44 (Recorded Matters in the Division Record)

- (1) Upon making the division record, the following matters shall be recorded in the Divided Monetary Claims Record:

- (i) A statement to the effect that division from the Original Monetary Claims Record has taken place;
 - (ii) Record numbers of the Original Monetary Claims Record and the Divided Monetary Claims Record;
 - (iii) A statement to the effect that the person recorded in the Divided Monetary Claims Record, who is the obligor in the accrual record, shall pay a certain amount;
 - (ix) Name and address of the obligee; and
 - (v) Date of Electronic Records.
- (2) Upon making division records, the following matters shall be recorded in the Original Monetary Claims Record:
- (i) A statement to the effect that division has taken place;
 - (ii) The record number of the Divided Monetary Claims Record; and
 - (iii) Date of Electronic Records.
- (3) In cases where matters (limited to the part pertaining to division record) listed in item 12 or item 15 of Article 16(2) are recorded in the accrual record, the Electronic Monetary Claim Recording Institution shall not make the division record that conflicts with the contents of said accrual record.

Article 45 (Recording in Divided Monetary Claims Record that Accompanies Division Record)

- (1) Electronic Monetary Claim Recording Institutions shall record the following matters in the Divided Monetary Claims Record simultaneously with the making of division records:
- (i) The matters recorded in the currently valid Electronic Record within the Original Monetary Claims Record pertaining to Electronically Recorded Monetary Claims that is to be recorded in the Divided Monetary Claims Record (excluding the following matters):
 - (a) A statement to the effect that the obligor shall pay a certain amount;
 - (b) In cases where obligations pertaining to said Electronically Recorded Monetary Claim are paid in installments, dates of payment and amounts to be paid on specific dates of payment;
 - (c) In the case where a ceiling for the number of times that assignment record, guaranty record, pledge creation record, or division record may be made is recorded (hereinafter referred to as "Recording Ceiling Number"), the aforementioned Recording Ceiling Number;
 - (d) The record number of Original Monetary Claims Record; or
 - (e) The matters recorded in the division record when the division record was made in the Original Monetary Claims Record (excluding those listed in (a)).
 - (ii) In the case where the Electronically Recorded Monetary Claim to be

recorded in the Divided Monetary Claims Record is recorded as an obligation to be paid in installments in the Original Monetary Claims Record, the dates of payment for said Electronically Recorded Monetary Claims Record (limited to those that are recorded in original monetary claims as dates of payment);

(iii) As in the case provided in the preceding item, when the Electronically Recorded Monetary Claims, which is to be recorded in the Divided Monetary Claims Record, will be paid in installments, the amount to be paid at respective payment dates for said Electronically Recorded Monetary Claims (limited to those that are within the scope of amount to be paid at corresponding respective payment dates recorded in the Original Monetary Claims Record); and

(ix) In the case where the Recording Ceiling Number is recorded in the Original Monetary Claims Record, the Recording Ceiling Number of the Divided Monetary Claims Record within that number (as for the Recording Ceiling Number of the division record, the remaining Recording Ceiling Number, which is given by subtracting one from said Recording Ceiling Number).

(2) In the case when an Electronic Monetary Claim Recording Institution has recorded matters listed in item 1 of preceding paragraph in the Divided Monetary Claims Record, a statement to the effect that said matter has been transferred from the Original Monetary Claims Record and the date of transfer; and in the case when an electronic monetary claim recording institution has Recorded Matters listed in item 2 to item 4 of the same paragraph, the date of the records, shall be recorded in said Divided Monetary Claims Record.

Article 46 (Recording in the Original Monetary Claims Record that Accompanies Division Record)

(1) The Electronic Monetary Claim Recording Institutions shall make division record and simultaneously record the following matters in the Original Monetary Claims Record:

(i) A statement to the effect that regarding Electronically Recorded Monetary Claims that will be recorded in Divided Monetary Claims Record, the record of matters of the Original Monetary Claims Record listed in (a) to (c), item 1, paragraph 1 of the preceding article shall be deleted;

(ii) A statement to the effect that the obligor in the accrual record shall pay a certain amount which is arrived at by deducting a certain amount provided in item 3 of Article 44(1), which is recorded in the Divided Monetary Claims Record, from a certain amount provided in item 1 of Article 16(1) (in the case in which said Original Monetary Claims Record is

a Divided Monetary Claims Record arising from other division of monetary claims, item 3 of Article 44(1)), which was recorded in the Original Monetary Claims Record just before the making of division record;

(iii) In cases where the Electronically Recorded Monetary Claims to be recorded in the Divided Monetary Claims Records are recorded as obligations to be paid in installments in the Original Monetary Claims Record, the date of payment, which is to be continuously recorded in the Original Monetary Claims Record after the division record is made;

(ix) As in cases provided in the preceding item, when Electronically Recorded Monetary Claims, which is to be continuously recorded in the Original Monetary Claims Record after the division record is made, constitute obligations to be paid in installments, the amounts to be paid of said Electronically Recorded Monetary Claims at the respective dates of payment; and

(v) In the case where the Recording Ceiling Number is recorded in the Original Monetary Claims Record, the remaining Recording Ceiling Number that is arrived at by deducting the Recording Ceiling Number of the Divided Monetary Claims Record from said Recording Ceiling Number of the Original Monetary Claims Record (as for the Recording Ceiling Number of the division record, the remaining Recording Ceiling Number, which is given by deducting one from the aforementioned Recording Ceiling Number).

(2) When an Electronic Monetary Claim Recording Institution records matters listed in the respective items of the preceding paragraphs in the Original Monetary Claims Record, the Electronic Monetary Claim Recording Institution shall record the date of the record in said Original Monetary Claims Record

Article 47 (Delegation to the Ordinance of the Competent Ministry)

(1) Notwithstanding the provision of Article 43(3) and the preceding three articles, in the following cases regarding requests for division record, Recorded Matters in division records and records made in Divided Monetary Claims Records and in Original Monetary Claims Records, that are conducted in conjunction with the creation of division record, necessary matters shall be specified by the ordinance of the competent ministry, in accordance with the examples of these provision:

(i) In the case where the amount of credit by obligee or the amount of obligation by obligor is recorded in the Original Monetary Claims Record;

(ii) In the case where the guaranty record, in which the matters listed in item 1 of Article 32(2) are recorded, is included in the Original Monetary Claims Record;

- (iii) In the case where Special Rights to Obtain Reimbursement are recorded in the Original Monetary Claims Record; or
- (ix) In the case specified by the ordinance of the competent ministry in addition to what is listed in the preceding three items.

Section 9 Miscellaneous Provision

Article 48 (Electronic Records for Trust)

- (1) As for Electronically Recorded Monetary Claims or pledges whose subject matters constitute these Electronically Recorded Monetary Claims (hereinafter, referred to as "Electronically Recorded Monetary Claims, etc." in this paragraph), the fact that the Electronically Recorded Monetary Claims, etc. belong to trust property may not be duly asserted against a third party, without the electronic recording of trust.
- (2) In addition to what is provided for in this Act, matters necessary concerning the Electronic Records of trust shall be specified by the Cabinet Order.

Article 49 (Execution, etc. on Electronically Recorded Monetary Claims)

- (1) In cases where restrictions are placed by dispositions such as compulsory executions and dispositions for delinquency regarding Electronically Recorded Monetary Claims, and when documents pertaining to the restrictions by these dispositions have been delivered, the Electronic Monetary Claim Recording Institution shall conduct electronic recording on execution, etc. without delay.
- (2) Necessary matters on Electronic Records of execution, etc. shall be specified by the Cabinet Order.
- (3) Necessary matters concerning the procedures on compulsory execution, provisional attachment and provisional disposition, auction and securance for confiscation for Electronically Recorded Monetary Claims shall be provided by way of supreme court-rules.

Article 50 (Delegation to the Cabinet Order)

In addition to what is provided for in this Act, the procedure for creating Electronic Records of Electronically Recorded Monetary Claims and other matters necessary in order to make Electronic Records shall be specified by the Cabinet Order.

Chapter 3 Electronic Monetary Claim Recording Institution

Section 1 General Rules

Article 51 (Designation of those performing Electronic Monetary Claims

Recording Business)

(1) Competent ministers may designate those who meet the following requirements as those performing business provided in Article 56 (hereinafter referred to as "Electronic Monetary Claims Recording Business") upon his/her application:

- (i) The person shall be a stock company with bodies listed as follows:
 - (a) Board of directors;
 - (b) Board of company auditors or Committees (referring to "Committees" provided in item 12 of Article 2, Companies Act<Act No. 86 of 2005>); or
 - (c) Accounting auditor.
- (ii) Pursuant to the provision of Article 75(1), the person in question shall not be someone who has their designation, as outlined in this person, revoked within the last five years;
- (iii) The person shall not be a person who has violated this Act or a provision of the foreign laws and regulations equivalent to this Act, or have been punished by a fine (including punishment by foreign laws and regulations equivalent to this), or have either been subject to execution of the sentence or the cessation of being subject to the execution of the sentence within the last five years; or
- (ix) The person shall not have a director, an accounting advisor, auditor or executive officers who fall under any of the following categories:
 - (a) Adult ward or person under curatorship, or person equivalent to these in foreign laws and regulations;
 - (b) Those who have not had their rights restored after receiving a ruling of commencement of bankruptcy proceedings, or persons equivalent to these in foreign laws and regulations;
 - (c) Those who have received punishments heavier than imprisonment without work (including equivalent punishment by foreign laws and regulations), and for which five years have not passed since either execution of the sentence or the cessation of being subject to its execution;
 - (d) In the case where the designation in this paragraph has been revoked by provision of Article 75(1) or the administrative treatment in a foreign state, similar to the designation of this paragraph has been revoked by provision of foreign laws and regulations which are equivalent to this Act, those who had been the company's director, accounting advisor, auditor or executive officer (including those of equivalent status to these persons in foreign companies as prescribed in foreign laws and regulations. The same shall apply in (e)) within thirty days prior to the date of revocation, and those for whom five years have not passed since the day of said revocation;

- (e) Director, accounting advisor, auditor, or executive officer who has been dismissed under the provision of paragraph 1 of Article 75 or provision of foreign laws and regulations which are equivalent to this Act and those for whom five years have not passed since the day he/she received said punishment; or
 - (f) Any persons who have violated this Act, Companies Act or provision of foreign laws and regulations that are equivalent to those Acts or any persons who have committed crimes under Article 204, 206, 208, 208-3, 222, or 247, Penal Code (Act No.45 of 1907), or the crimes under Law regarding Punishment of Violent Act, etc.(Act No. 60 of 1926), or the crimes under Article 46, 47, 49 or 50 of Law for the Prevention of Unjust Acts by Organized Crime Groups (Act No.77 of 1991) and have been punished by a penalty of fine (including punishment by foreign laws and regulations equivalent to this) and for whom five years have not passed since either execution of the sentence or the cessation of being subject to the execution of the sentence.
 - (v) Articles of incorporation and rules relevant to the performance of the Electronic Monetary Claims Recording Business (hereinafter referred to as "Operational Rules") are deemed to conform with laws and regulations and are deemed sufficient to the performance of the Electronic Monetary Claims Recording Business in an appropriate and reliable fashion, pursuant to the provision of this Act;
 - (vi) The person is deemed to have a sufficient financial basis for the healthy performance of Electronic Monetary Claims Recording Business, and the person is deemed to have favorable prospects for income and expenditures pertaining to the Electronic Monetary Claims Recording Business; and
 - (vii) The person is deemed to have, in light of its personnel structures, the knowledge and experience necessary for appropriate and reliable performance of the Electronic Monetary Claims Recording Business and is deemed to have sufficient social credibility.
- (2) In the case the competent minister has so designated as set forth in the preceding paragraph, he/she shall make publicly notify regarding the trade name and address of the head office of the designated Electronic Monetary Claim Recording Institution in the Official Gazette.

Article 52 (Application for Designation)

- (1) Any person that intends to be designated as prescribed in paragraph 1 of the preceding article shall submit to the competent minister a written application for designation that lists the following matters:
- (i) Trade name;
 - (ii) Amount of stated capital and net assets;

- (iii) Names and addresses of head office and other business offices;
 - (ix) Names of director and auditor (as for company with committees, director and executive officer); and
 - (v) As for companies with accounting advisors, the name of the accounting advisor.
- (2) The following documents shall be attached to the written application for designation:
- (i) Documents pledging to the effect that the person shall comply with the requirements listed in item 3 and 4, paragraph 1 of the preceding article;
 - (ii) Articles of incorporation;
 - (iii) A certificate of registered matters for the company;
 - (ix) Operational Rules;
 - (v) Balance sheet and profit and loss statement;
 - (vi) Documents stating prospects for income and expenditures; and
 - (vii) In addition to the matters listed in respective preceding items, the documents specified by the ordinance of the competent ministry.
- (3) In the case referred to in the preceding paragraph, when articles of incorporation, balance sheet or profit and loss statement are prepared in the form of electromagnetic records, the electromagnetic records (restricted to those specified by the ordinance of the competent ministry) may be attached in lieu of documents.

Article 53 (Amount of Stated Capital, etc.)

- (1) The amount of stated capital of Electronic Monetary Claim Recording Institutions shall not be less than the amount specified by the Cabinet Order.
- (2) The amount specified by the Cabinet Order set forth in the preceding paragraph shall not be under 500,000,000 yen.
- (3) The amount of net assets of Electronic Monetary Claim Recording Institutions shall not be less than the amount specified by the Cabinet Order in paragraph 1.

Article 54 (Exclusion from Application)

The provision of the proviso of paragraph 2 of Article 331 (including cases in which it is applied mutatis mutandis to Article 335(1) of Companies Act), paragraph 2 of Article 332 (including cases in which it is applied mutatis mutandis to Article 334(1) of the Companies Act), Article 336(2), and the proviso of Article 402(5) of the Companies Act, shall not be applied to Electronic Monetary Claim Recording Institutions.

Article 55 (Secrecy Obligations)

The director, accounting advisor (when an accounting advisor is a juridical

person, its member who is to perform the duty), auditor, executive officer or a member of the Electronic Monetary Claim Recording Institution, as well as persons formerly holding those positions, shall not disclose or make surreptitious use of any secrets obtained in the course of his/her duties relating to the Electronic Monetary Claims Recording Business.

Section 2 Business

Article 56 (Business of Electronic Monetary Claim Recording Institution)

Electronic Monetary Claim Recording Institutions shall perform business related to Electronic Records pertaining to Electronically Recorded Monetary Claims, pursuant to the provision of this Act and Operational Rules.

Article 57 (Prohibition of Engagement in Subsidiary Business)

Electronic Monetary Claim Recording Institutions may not engage in business other than Electronic Monetary Claims Recording Business and ancillary business activities related to the recording of electronic monetary claims.

Article 58 (Partial Entrustment of Electronic Monetary Claims Recording Business)

- (1) Pursuant to the ordinance of the competent ministry, with the approval of the competent minister, Electronic Monetary Claim Recording Institutions may entrust a part of their Electronic Monetary Claims Recording Business to banks (banks <referring to banks provided in Article 2(1) of Banking Law (Act No. 59 of 1981)>, cooperative structured financial institutions <referring to the cooperative structured financial institution provided in Article 2(1), Act on preferred equity investment by cooperative structured financial institution (Act No. 44 of 1993)> and other financial institutions provided by the Cabinet Order; the same shall apply hereinafter) and other organizations.
- (2) Notwithstanding the provisions of other Acts, banks, etc. may be entrusted, pursuant to the provision of the preceding paragraph, to perform business pertaining to said entrustment.

Article 59 (Operational Rules)

Electronic Monetary Claim Recording Institutions shall prescribe procedures for the creation of Electronic Records, contract regarding settlement of remittance between accounts provided in Article 62(1), or matters pertaining to the contract provided in Article 64 and other matters specified by the ordinances of the competent ministry in its Operational Rules.

Article 60 (Protection of those who utilize Electronic Monetary Claim Recording

Institutions)

Electronic Monetary Claim Recording Institutions shall perform their business so as not to lack protection for those who utilize said Electronic Monetary Claim Recording Institutions.

Article 61 (Prohibition of Discriminatory Treatment)

Electronic Monetary Claim Recording Institutions shall not unreasonably discriminate against specific persons.

Section 3 Measure Regarding Settlement of Remittance between Accounts, etc.

Article 62 (Concluding Contract Regarding Settlement of Remittance between Accounts)

- (1) The Electronic Monetary Claim Recording Institution may make a contract regarding the settlement of remittances between accounts with the obligor and banks, etc.
- (2) "Settlement of remittances between accounts," which is prescribed in the preceding paragraph and paragraph 2 of the next article is a form of payment, used with regard to the obligation pertaining to Electronically Recorded Monetary Claims (excluding those pertaining to the guaranty record and special right to obtain reimbursement; hereinafter the same shall apply in this section), in which, based on the agreement between the Electronic Monetary Claim Recording Institution, obligor and banks, etc., the institution provides said banks, etc. with information, in advance, regarding the date of payment that is recorded in the Monetary Claims Records, amount to be paid, and information pertaining to the obligor's and Obligee's Accounts; and on the date of payment, those banks, etc. handle a payment from said Obligor's Account to said Obligee's Account.

Article 63 (Payment, etc. Record on Settlement of Remittance between Accounts)

- (1) In the cases where Electronic Monetary Claim Recording Institutions conclude contracts regarding settlements of remittance between accounts provided in paragraph 1 of the preceding article, when the matters listed in item 1 of Article 16(2) are recorded in the Monetary Claims Record, the Electronic Monetary Claim Recording Institution shall provide the bank, etc. pertaining to said contracts with the information prescribed in paragraph 2 of the preceding article.
- (2) In the case referred to in the preceding paragraph, when Electronic Monetary Claim Recording Institutions receive the notice from the banks, etc.

provided in the same paragraph, to the effect that there has been a settlement of remittance between accounts for the full amount of the obligation pertaining to the Electronically Recorded Monetary Claims to be paid on the date of payment, the Electronic Monetary Claim Recording Institutions shall record the Payment, etc. regarding said remittance settlement of remittance between accounts without delay.

Article 64 (Concluding other Contracts Pertaining to Payment)

In addition to the contract regarding a settlement of remittance between accounts provided in Article 62(1), Electronic Monetary Claim Recording Institutions may conclude contracts regarding payment of obligations pertaining to Electronically Recorded Monetary Claims to the Obligee's Account, with the obligor or obligee, and banks, etc.

Article 65 (Payment, etc. Record regarding Payment pertaining to other Contracts)

In cases where Electronic Monetary Claim Recording Institutions conclude contracts provided by the preceding article and when the matters listed in item 2 of Article 16(2) have been recorded in the monetary claims, if the Electronic Monetary Claim Recording Institutions receive a notice regarding the payment of obligations pertaining to Electronically Recorded Monetary Claims to the Obligee's Account from the banks, etc. pertaining to said contract (limited to cases specified by the ordinance of the competent ministry as cases that the Electronic Monetary Claim Recording Institution may know with certainty that the payment of the obligation pertaining to Electronically Recorded Monetary Claims has been made), Electronic Monetary Claim Recording Institutions shall record the Payment, etc. regarding said payment without delay.

Article 66 (Application of Article 8 pertaining to Notice of Settlement of Remittance between Accounts, etc.)

The notice provided in Article 63(2) and the preceding article shall be deemed a request for Electronic Records and the provision of Article 8 shall be applied.

Section 4 Supervision

Article 67 (Preparation of Books and Documents, etc. and their Preservation)

Pursuant to the ordinance of the competent ministry, Electronic Monetary Claim Recording Institutions shall prepare books and documents, etc. and other records on its business and preserve these documents.

Article 68 (Submission of written report on business and properties)

- (1) Electronic Monetary Claim Recording Institutions shall prepare a written report on business and properties every business year and submit this to the competent minister.
- (2) Matters that are stated in the written report of the preceding paragraph, submission date and other matters necessary regarding the written report of the same paragraph shall be specified by the ordinance of the competent ministry.

Article 69 (Alteration in the Amount of Stated Capital)

- (1) In cases in which Electronic Monetary Claim Recording Institutions intend to reduce the amount of their stated capital, the Electronic Monetary Claim Recording Institutions shall receive the approval of the competent minister, pursuant to the ordinance of the competent ministry.
- (2) In cases in which Electronic Monetary Claim Recording Institutions intend to increase the amount of their stated capital, the Electronic Monetary Claim Recording Institutions shall notify the competent minister, pursuant to the ordinance of the competent ministry.

Article 70 (Alteration of articles of incorporation or Operational Rules)

The alteration of Electronic Monetary Claim Recording Institutions' articles of incorporation or its Operational Rules shall not be effective unless the competent minister approves such alteration.

Article 71 (Approval for discontinuation of Electronic Monetary Claims Recording Business)

In cases in which Electronic Monetary Claim Recording Institutions intend to discontinue Electronic Monetary Claims Recording Business, the Electronic Monetary Claim Recording Institutions shall receive the approval of the competent minister, pursuant to the ordinance of the competent ministry.

Article 72 (Notification regarding the alteration of trade name, etc.)

- (1) In cases in which alterations have been made in matters listed in item 1 or item 3 to 5 of Article 52(1), the Electronic Monetary Claim Recording Institutions shall provide notice to this effect and submit the documents listed in item 1 or 3 of Article 52(2) to the competent minister, pursuant to the ordinance of the competent ministry.
- (2) In the case in which, pursuant to the provisions of the preceding paragraph, notification of alterations to the Electronic Monetary Claim Recording Institution's trade name or the address of its head office has been provided, the competent minister shall make a publicly notify to this effect in the Official Gazette.

Article 73 (Report and Inspection)

- (1) When the competent minister finds it necessary for the appropriate and reliable performance of Electronic Monetary Claims Recording Business, the competent minister may issue order for the submission of reports or materials regarding the Electronic Monetary Claim Recording Institution's business or properties to the Electronic Monetary Claim Recording Institution or the person that has been entrusted with the Business by said Institution, or the competent minister may have said staff member [of the competent ministry] conduct on-site inspections of said Institution or the business office or office of the person who has been entrusted with the business from said Institution regarding its articles on business or financial conditions or books and documents, and other materials (As for those who have been entrusted with the business from said Institution, limited to articles necessary for the inspection of the business of said Institution or its financial conditions) or [the competent minister may have said staff member] ask questions to the relevant persons (as for the relevant person to those who have been entrusted with the business from said Institution, limited to matters pertinent to the questioning regarding the business of said Institution or its financial conditions).
- (2) Staff members making on-site inspections, pursuant to the provision of the preceding paragraph, shall carry identification cards certifying their status and show it to the relevant persons.
- (3) The authority to conduct on-site inspection prescribed in the provision of paragraph 1 shall not be interpreted as being accorded for the purposes of carrying out criminal investigations.

Article 74 (Order for Business Improvement)

When the competent minister finds it necessary for the appropriate and reliable performance of Electronic Monetary Claims Recording Business, he/she may, to the limit necessary, order the Electronic Monetary Claim Recording Institution to take necessary measures for the improvement of business management or financial conditions.

Article 75 (Rescission, etc. of Designation)

- (1) When Electronic Monetary Claim Recording Institutions fall under any of the following respective items, the competent minister may rescind the designation of Article 51(1) and order the suspension of the entirely or a part of its business within a fixed period of six months or may order the dismissal of the director, the accounting advisor, the auditor or executive officers:
 - (i) When they no longer fall under any of the requirements listed in item 3 or

item 4 of Article 51(1);

- (ii) In the case where it is found that the Electronic Monetary Claim Recording Institution had not been eligible to any of respective items of Article 51(1) at the time of designation under Article 51(1);
 - (iii) In cases where it has been found that the Electronic Monetary Claim Recording Institution obtained the designation as described in Article 51(1) by improper means; or
 - (ix) In the case where it violated this Act or orders based on this Act or dispositions based on the aforementioned edicts.
- (2) In the case where the competent minister rescinds the designation under Article 51(1) pursuant to the provision of the preceding paragraph, he/she shall make a publicly notify to this effect in the Official Gazette.

Article 76 (Business Transfer Order)

- (1) In cases where the Electronic Monetary Claim Recording Institutions fall under any of the respective following items, the competent minister may order it to transfer its Electronic Monetary Claims Recording Business to another stock company within a fixed period of time:
- (1) In cases where the designation of Article 51(1) has been rescinded pursuant to the provision of paragraph 1 of the preceding article;
 - (2) In cases of discontinuance of Electronic Monetary Claims Recording Business;
 - (3) In the case of dissolution (including cases when judgment confirming the ineffectiveness of establishment, consolidation-type merger or Incorporation-type Company Split has become final); or
 - (4) In the case where it is considered possible for a situation to arise where the Electronic Monetary Claim Recording Institution is unable to make payment for an obligation in time without materially impeding the continuity of Electronic Monetary Claims Recording Business, or there is a possibility for facts leading to the commencement of bankruptcy proceedings to materialize.
- (2) In response to the order based on the provisions of the preceding paragraph, the resolution of the Electronic Monetary Claim Recording Institution (as for the resolution based on the provision of Article 783(1) of the Companies Act, excluding the resolution by shareholders meeting in item 2 of Article 309(3) of the Companies Act) pursuant to the provision of Article 322(1), Article 466, Article 467(1), Article 783(1) or Article 795(1) of the Companies Act, may be made provisionally with a two- third majority or more of the voting rights of the shareholders present, notwithstanding the provisions of Article 309(2) and Article 324(2) of the Companies Act.
- (3) In response to the order based on the provisions of the paragraph 1, the

resolution of an Electronic Monetary Claim Recording Institution at the shareholders meeting of item 2 of Article 309(3) of the Companies Act, may be made provisionally with the majority of the shareholders present and a two-third majority or more of the voting rights of the shareholders present, notwithstanding the provisions of Article 309(3) of the Companies Act.

- (4) In the cases where a resolution was made provisionally pursuant to the provisions of paragraph 2 (hereinafter referred to as "Provisional Resolution" in this paragraph and the following paragraph), a notice regarding the purpose of said Provisional Resolution shall be made to respective shareholders, and another shareholders meeting shall be convened within one month from the day said Provisional Resolution was made.
- (5) In the cases where a Provisional Resolution was approved by the majority provided in paragraph 2 in the shareholders meeting of the preceding paragraph, it shall be deemed that the resolution pertaining to the matter which was provisionally resolved was made at the time when said Provisional Resolution was approved.
- (6) The preceding two paragraphs shall be applied mutatis mutandis to the case where a Provisional Resolution is made pursuant to the provision of paragraph 3. In this case, the term "paragraph 2" in the preceding paragraph shall be deemed as having been replaced with the term "paragraph 3".

Article 77 (Lapse of Monetary Claims Record)

- (1) In the case where an Electronic Monetary Claim Recording Institution receives an order pursuant to the provision of paragraph 1 of the preceding article, and when it does not transfer the Electronic Monetary Claims Recording Business within the term provided by the aforementioned order and allows the due date of pass, the Monetary Claims Record in the Registry of the Electronic Monetary Claim Recording Institution shall cease to be effective as of the day after the due date of said term.
- (2) After the day the Monetary Claims Record ceases to be effective, pursuant to the provision of the preceding paragraph (hereinafter referred to as "Validity Lapse Day" in this article), Electronically Recorded Monetary Claims and pledges created over this Monetary Claims Record shall continue to exist as nominative claims that hold the contents of the Electronically Recorded Monetary Claims which were recorded in said Record and pledges created over those claims.
- (3) In the case where a person who was an Electronically Recorded Guarantor on the Validity Lapse Day who conducted an action to satisfy the nominative claim set forth in the preceding paragraph or in exchange for his/her own property performed any other act intended to cause the obligation recorded as the principal obligation to be extinguished, such guarantor shall acquire the

right to obtain reimbursement, which holds the same contents as the special right to obtain reimbursement.

- (4) The competent minister shall, after the Validity Lapse Day, promptly, make a publicly notify to the effect that the Monetary Claims Record provided in paragraph 1 ceases to be effective in the Official Gazette.
- (5) The person who was an Electronic Monetary Claims Recording Institution or a general successor (limited to the person who has succeeded to the rights and obligations of the Electronic Monetary Claims Recording Institution that ceases to exist after the merger, and does not perform Electronic Monetary Claims Recording Business. Hereinafter the same in this chapter.) shall, after the Validity Lapse Day, immediately send written documents certifying all the matters provided by the respective items (excluding Obligor's Account) to those who are listed in the following items.
 - (i) The person who was an Electronically Recorded Person on the day of the elapsing of validity, all the matters recorded in the Monetary Claims Record on the day of the elapsing of validity (including matters that had been recorded before said division record was made within the respective original records up until said division record was made, when those who are listed in this item are those recorded in the Divided Monetary Claims Record), except for matters recorded in the assignment record, or pledge creation record or Electronic Record regarding sub pledge (when an alteration record is made regarding the matters recorded in these Electronic Records, said alteration record is included; hereinafter referred to as "Assignment Record, etc.") in which assignee or pledgee (excluding those who are listed in the following) who is not the Electronically Recorded Person is recorded.
 - (a) Assignment Records, etc. in which the matters listed in item 3 or item 4 of Article 18(2) or item 6 or item 7 of Article 37(2), or item 4 or item 5 of Article 37(4) have been recorded.
 - (b) Assignment records in which an individual has been recorded as an assignor or an assignee.
 - (c) Assignment Records, etc. pertaining to the alteration record in cases where a person who was the Electronically Recorded Person on the Validity Lapse Day has been recorded in said alteration record.
 - (ii) The person who was recorded as the Electronically Recorded Obligor on the Validity Lapse Day, matters recorded in the Monetary Claims Record on the Validity Lapse Day (when those who are listed in this item are those recorded in the Divided Monetary Claims Record, it includes matters that had been recorded before said division record was made within the respective original records, up until said division record was made).

Section 5 Merger, Company Split, and Assignment of Business

Article 78 (Approval to Specified Merger)

- (1) In a merger (limited to cases where a stock company that continues to exist after the merger or a stock company that is established by the merger performs Electronic Monetary Claims Recording Business; hereinafter referred to as "Specified Merger" in this article) where an Electronic Monetary Claim Recording Institution is the only party or one of the parties involved, the merger shall not be effective without the approval of the competent minister.
- (2) The Electronic Monetary Claim Recording Institution that intends to receive the approval under the preceding paragraph shall submit to the competent minister a written application for merger approval that states matters listed in respective items of Article 52(1) regarding a stock company that continues to exist after the Specified Merger or a stock company that has been established by the Specified Merger (hereinafter referred to as "Electronic Monetary Claim Recording Institution after the Specified Merger" in this article).
- (3) Documents or electromagnetic records in which the contents of the merger agreement are stated or recorded (limited to those specified by the ordinance of the competent ministry; hereinafter the same shall apply in this paragraph) and other documents or electromagnetic records specified by the ordinance of the competent ministry shall be attached to the written application for merger approval.
- (4) In cases where an application for approval under paragraph 1 is made, the competent minister shall examine whether the application conforms the following standards:
 - (i) The Electronic Monetary Claim Recording Institution after the Specified Merger falls under the requirements listed in respective items of Article 51(1); and
 - (ii) A smooth and appropriate succession of Electronic Monetary Claims Recording Business is expected.
- (5) The Electronic Monetary Claim Recording Institution after the Specified Merger (excluding cases where the Electronic Monetary Claim Recording Institution is a stock company that continues to exist after the Specified Merger) shall be deemed to have obtained the designation under Article 51(1) at the time of the Specified Merger.
- (6) The Electronic Monetary Claim Recording Institution after the Specified Merger shall succeed to the rights and obligations outlined in the administrative authority's approval and other dispositions regarding the business of the Electronic Monetary Claim Recording Institution that ceases

to exist after the Specified Merger.

Article 79 (Approval of Incorporation-type Company Split)

- (1) An incorporation-type company split conducted by an Electronic Monetary Claim Recording Institution, where a newly formed stock company succeeds to the entirety or a part of its Electronic Monetary Claims Recording Business (hereinafter simply referred to as "Incorporation-type Company Split" in this article) shall not be effective without the competent minister's approval.
- (2) The Electronic Monetary Claim Recording Institution that intends to receive the approval set forth in the preceding paragraph shall submit to the competent minister a written application for Incorporation-type Company Split approval that states the following matters regarding the stock company to be established by the Incorporation-type Company Split (hereinafter referred to as "Formed Company" in this article):
 - (i) Matters listed in the items of Article 52(1); and
 - (ii) The Electronic Monetary Claims Recording Business to be taken over by the Formed Company.
- (3) Documents or electromagnetic records in which the contents of the Incorporation-type Company Split plan are stated or recorded (limited to those specified by the ordinance of the competent ministry; hereinafter the same shall apply in this paragraph) and other documents or electromagnetic records specified by the ordinance of the competent ministry shall be attached to the written application for Incorporation-type Company Split approval.
- (4) In the case where an application for approval under paragraph 1 is made, the competent minister shall examine whether the application conforms the following standards:
 - (i) The Formed Company falls under the requirements listed in item 1 and items 4 to item 7 of Article 51(1); and
 - (ii) A smooth and appropriate succession of Electronic Monetary Claims Recording Business is expected.
- (5) The Formed Company shall be deemed to have obtained the designation under Article 51(1) at the time of the Incorporation-type Company Split.
- (6) The Formed Company shall succeed to the rights and obligations outlined in the administrative authority's approval and other dispositions regarding the business that constitute the subject matter of succession from the Electronic Monetary Claim Recording Institution that conducted the Incorporation-type Company Split.

Article 80 (Approval for Absorption-type Company Split)

- (1) In an absorption-type company split conducted by Electronic Monetary Claim Recording Institutions for the purpose of succeeding another stock

company to the entirety or a part of its Electronic Monetary Claims Recording Business (hereinafter simply referred to as "Absorption-type Company Split" in this article) shall not be effective without the approval of the competent minister.

(2) The Electronic Monetary Claim Recording Institution that intends to receive approval set forth in the preceding paragraph shall submit to the competent minister a written application for Absorption-type Company Split approval that states the following matters regarding a stock company that is taking over the entirety or a part of its Electronic Monetary Claims Recording Business by the Absorption-type Company Split (hereinafter referred to as the "Succeeding Company" in this article):

(1) Matters listed in the items of Article 52(1); and

(2) Electronic Monetary Claims Recording Business to be taken over by a Succeeding Company.

(3) Documents or electromagnetic records in which the contents of the Absorption-type Company Split agreement are stated or recorded (limited to those specified by the ordinance of the competent ministry; hereinafter the same shall apply in this paragraph) and other documents or electromagnetic records specified by the ordinance of the competent ministry shall be attached to the written application for Absorption-type Company Split approval.

(4) In cases where an application for approval under paragraph 1 is made, the competent minister shall examine whether the application conforms the following standards:

(i) The Succeeding Company falls under the requirements listed in the items of Article 51(1); and

(ii) A smooth and appropriate succession of Electronic Monetary Claims Recording Business is expected.

(5) The Succeeding Company (excluding cases where an Electronic Monetary Claim Recording Institution is the Succeeding Company) shall be deemed to have obtained the designation under Article 51(1) at the time of the Absorption-type Company Split.

(6) The Succeeding Company shall succeed to the rights and obligations outlined in the administrative authority's approval and other dispositions regarding the business activities that constitute the subject matter of succession from the Electronic Monetary Claim Recording Institution that conducted the Absorption-type Company Split.

Article 81 (Approval of Business Assignment)

(1) The assignment of the entirety or a part of Electronic Monetary Claims Recording Business conducted by an Electronic Monetary Claim Recording Institution to other stock company (hereinafter referred to as "Business

Assignment" in this article) shall not be effective without the competent minister's approval.

(2) The Electronic Monetary Claim Recording Institution that intends to receive approval set forth in the preceding paragraph shall submit to the competent minister a written application for Business Assignment approval that states the following matters regarding the stock company to take in the entirety or a part of its Electronic Monetary Claims Recording Business by the Business Assignment (hereinafter referred to as "Assignee Company" in this article):

(i) Matters listed in the items of Article 52(1); and

(ii) Electronic Monetary Claims Recording Business succeeded by the Assignee Company.

(3) Documents or electromagnetic records in which the contents of the assignment contract are stated or recorded (limited to those specified by the ordinance of the competent ministry; hereinafter the same shall apply in this paragraph) and other documents or electromagnetic records specified by the ordinance of the competent ministry shall be attached to the written application for Business Assignment approval.

(4) In the case where an application for approval under paragraph 1 is made, the competent minister shall examine whether the application conforms the following standards:

(i) The Assignee Company falls under the requirements listed in the items of Article 51(1); and

(ii) A smooth and appropriate succession of Electronic Monetary Claims Recording Business is expected.

(5) The Assignee Company (excluding cases where the Electronic Monetary Claim Recording Institution is the Assignee Company) shall be deemed to have obtained the designation under Article 51(1) at the time of Business Assignment.

(6) The Assignee Company shall succeed to the rights and obligations which based on the administrative authority's approval and other dispositions regarding the business activities that constitute the subject matter of the assignment of the Electronic Monetary Claim Recording Institution that conducted the Business Assignment.

Section 6 Dissolution, etc.

Article 82 (Approval for Dissolution, etc.)

The following matters shall not be effective without the competent minister's approval:

(i) A resolution by shareholders meeting regarding the dissolution of the

- Electronic Monetary Claim Recording Institution; or
- (ii) A merger (limited to cases where a stock company that continues to exist after the merger or a stock company that is established by the merger does not perform Electronic Monetary Claims Recording Business) where the Electronic Monetary Claim Recording Institution is the only party or one of the parties involved.

Article 83 (Lapse of Designation)

- (1) In the case where an Electronic Monetary Claim Recording Institution falls under any of the following items, their designation under Article 51(1) shall cease to be effective.
 - (i) In cases of abolition of Electronic Monetary Claims Recording Business.
 - (ii) In the case of dissolution (including cases where a judgment confirming the ineffectiveness of establishment, consolidation-type merger or Incorporation-type Company Split has become final and binding)
 - (iii) In the case where an Electronic Monetary Claim Recording Institution has got an order under the provision of Article 76(1) (limited to cases that fall under item 4 of the same paragraph) and it does not transfer the Electronic Monetary Claims Recording Business within the term stated in said order.
- (2) Pursuant to the provision of the preceding paragraph, in the case where the designation under Article 51(1) cease to be effective, a person who was an Electronic Monetary Claim Recording Institution or a general successor shall notify the competent minister to that effect, as specified by the ordinance of the competent ministry.
- (3) In the case where the notification has been made under the provision set forth in the preceding paragraph, the competent minister shall publicly notify this effect in the Official Gazette.

Article 84 (A deemed Electronic Monetary Claim Recording Institution in cases of Rescission of Designation, etc.)

In the case where an Electronic Monetary Claim Recording Institution has been rescinded of its designation under Article 51(1), pursuant to the provision of Article 75(1), or where said designation ceases to be effective pursuant to the provision of paragraph 1 of the preceding article (excluding cases that fall under item 3 of the same paragraph), the person who was an Electronic Monetary Claim Recording Institution or a general successor shall promptly complete the Electronic Monetary Claims Recording Business performed by said Institution. In this case, the person who was a said Institution or a general successor shall be deemed an Electronic Monetary Claim Recording Institution within the scope of the purpose to complete the Electronic Monetary Claims

Recording Business.

Article 85 (Competent Minister's Opinion, etc. in Liquidation Procedures, etc.)

- (1) In the case of liquidation procedures, bankruptcy procedures, rehabilitation proceedings, reorganization proceedings, or procedures for the recognition and assistance of an Electronic Monetary Claim Recording Institution, the court may ask for an opinion or may request inspection or investigation to the competent minister.
- (2) In the procedures prescribed in the preceding paragraph, the competent minister may, when he/she finds it necessary, state his/her opinion to the court.
- (3) The provision of Article 73 shall apply mutatis mutandis to cases where the competent minister has been requested by the court to conduct inspection or investigation, pursuant to the provision of paragraph 1.

Chapter 4 Miscellaneous Provisions

Article 86 (Preservation of Monetary Claims Record, etc.)

An Electronic Monetary Claim Recording Institution shall preserve documents or electromagnetic records in which information provided to the Electronic Monetary Claim Recording Institution have been stated or recorded upon receiving a request for Monetary Claims Record and Electronic Records recorded in said Monetary Claims Record, until the passing of last day of any of the following periods.

- (i) Five years from the day of the recording of the Payment, etc. of the entire amount of the debt pertaining to all the Electronically Recorded Monetary Claims recorded in said Monetary Claims Record or the day of the recording of the deletion of all Recorded Matters in said Monetary Claims by an alteration record.
- (ii) Ten years from the latest of the following days: the date of payment recorded in said Monetary Claims Record (in cases where debts are paid in installments, the final date of payment) or the day of the final Electronic Record.

Article 87 (Disclosure of Recorded Matters)

- (1) A Person listed in the following items and heir to these persons and other general successor, and person entitled to manage and dispose of the properties of these persons may, having paid expenses prescribed by the Electronic Monetary Claim Recording Institution's Operational Rules, request said Institution for inspection of the matters prescribed in said items (excluding the Obligor's Account) that are indicated in the methods

specified by the ordinance of the competent ministry, or request said Institution for the provision of documents or electromagnetic records that certify all or a part of said Matters (hereinafter referred to as "Request for Disclosure" in this article) at any time during the business hours of said Institution.

(i) The Electronically Recorded Person Within matters recorded in a Monetary Claims Record (when those who are said persons are those recorded in a Divided Monetary Claims Record, it includes matters that had been recorded before said division record was made within the respective original records up until said division record was made), all the matters except for matters recorded in an Assignment Record, etc. and in which a person who is not the Electronically Recorded Person is recorded as an assignee or a pledgee (excluding the matters are listed as follows).

(a) The Assignment Record, etc. that records the matters listed in item 3 or 4, Article 18(2), item 6 or 7 of Article 37(2), or item 4 or 5 of Article 37(4).

(b) The assignment record in which an individual is recorded as an assignor or an assignee.

(c) The Assignment Record, etc. pertaining to the alteration record in cases where an Electronically Recorded Person is recorded in said alteration record.

(ii) A person recorded as a Electronically Recorded Obligor Within matters recorded in a Monetary Claims Record (when those who are recorded as the said obligor are those recorded in a Divided Monetary Claims Record, it includes matters that had been recorded before said division record was made within the respective original records up until said division record was made), all the matters except for matters recorded in an Assignment Record, etc. and in which a person who is not the Electronically Recorded Person is recorded as an assignee or a pledgee (excluding the matters listed as follows).

(a) The matters recorded in the Assignment Record, etc. pertaining to the alteration record in cases where an Electronically Recorded Person is recorded in said alteration record.

(b) The name and the address of those who are recorded as an assignee or a pledgee (excluding an Electronically Recorded Person) in the series of Assignment Records, etc. on said Obligee, etc up to the Electronically Recorded Person, when the person who is recorded as said Electronically Recorded Obligor holds defense based on an individual relationship(Jinteki-kankei) against those who are recorded as an obligee, an assignee or a pledgee or an heir to these persons or other general successors in the accrual record or the Assignment Record, etc.

(hereinafter referred to as "Obligee, etc." in this item),.

(iii) A person other than those listed in the preceding two items who is recorded in the Monetary Claims Record Within the matters recorded in the Monetary Claims Record (if the person listed in this item is the person recorded in the Original Monetary Claims Record, it includes the matters recorded in the Divided Monetary Claims Record that will be made later), the following matters.

(a) The matters recorded in the Electronic Record (when an alteration record has been made in the Recorded Matters of said Electronic Records, it includes the alteration record) in which a person who makes a request for accrual record and a Request for Disclosure (hereinafter referred to as "Disclosure Requester" in (b)) within said Monetary Claims Record is the person who has made the request for Electronic Records.

(b) The name and the address of those who are recorded as an assignee or a pledgee in the series of Assignment Records, etc. on said Disclosure Requester up to the Electronically Recorded Person, in cases where an Assignment Record, etc. has been made, in which the Disclosure Requester is the Electronically Recorded Obligation Registered Holder and said Electronic Record is made by the request of a person without the authority of representation, who impersonates said Disclosure Requester or by the request of a person who impersonates said Disclosure Requester.

(2) In addition to those provided for in the preceding paragraph, as for Recorded Matters in which those who requested to make their Electronic Records agree with their disclosure upon making the request, a Electronic Monetary Claim Recording Institution may acknowledge certain people to make a Request for Disclosure within the scope of the agreement, pursuant to the ordinance of the competent ministry.

Article 88 (Disclosure of Information provided upon the Request for Electronic Records)

A person whose name has been provided to an Electronic Monetary Claim Recording Institution as a requester of Electronic Records may, having paid expenses prescribed in said Institution's Operational Rules, make requests to said Institution regarding information provided to said Institution, listed as follows, upon the request of said Electronic Record, at any time during the business hours of said Institution. As for those who have interests regarding the legitimacy of the request for said Electronic Recording, if there are justifiable grounds the same shall apply to the parts in which the person has interests.

(i) When said information is stated in a document, a request for inspection of the document.

(ii) A request for issuance of a transcript or extract of said document under

the preceding item.

(iii) When said information is recorded in an electromagnetic record, a request for inspection of the matters recorded in said electromagnetic record in a manner specified by the ordinance of the competent ministry.

(iv) A request for the provision of matters recorded in the electromagnetic record under the preceding item by an electromagnetic means (the method which specified by the ordinance of the competent ministry which uses information and communications technology including, but not limited to, the method which uses electronic data processing system) that are prescribed by Operational Rules or a request for issuance of any document that contains such matters.

Article 89 (Submission of Materials, etc. to the Minister of Finance)

The Minister of Finance may demand of the Prime Minister submit and explain the necessary materials regarding the systems for the handling of financial failures and financial crisis on behalf of the Minister of Finance, when he/she finds it necessary for the arrangement or planning of system pertaining to Electronically Recorded Monetary Claims.

Article 90 (Delegation to the Ordinance of the Competent Ministry)

In addition to what is provided for in this Act, the matters necessary for the enforcement of this Act shall be specified by the ordinance of the competent ministry.

Article 91 (Competent Minister and the Ordinance of the Competent Ministry)

In this Act, the competent minister shall be the Minister of Justice and the Prime Minister and the ordinance of the competent ministry shall be Ordinance of the Ministry of Justice and Cabinet Office Ordinance.

Article 92 (Delegation of Authority)

(1) The Prime Minister shall delegate the authority under the provision of this Act (excluding that specified by the Cabinet Order) to the Commissioner of Financial Services Agency.

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

Chapter 5 Penal Provisions

Article 93

Any person who, in violation of the provision of Article 7(1) or Article 49(1), does not record matters to be recorded in the Registry in electronic form or makes false records in the Registry shall be punished by an imprisonment with work for not more than three years or by a fine of not more than 3,000,000 yen, or both.

Article 94

Any person who violates the business suspension order under the provision of Article 75(1) shall be punished by an imprisonment with work for not more than two years or by a fine of not more than 3,000,000 yen, or both.

Article 95

Any person who falls under any of the following items shall be punished by an imprisonment with work for not more than one year or a fine of not more than 3,000,000 yen, or both:

- (i) A person who makes false statements in an application form under Article 52(1), Article 78(2), Article 79(2), Article 80(2), or Article 81(2), or in documents under Article 52(2), or who makes false records in an electromagnetic record in cases where an electromagnetic record is to be attached instead of said documents, or who makes false statements or false records in documents or electromagnetic records under Article 78(3), Article 79(3), Article 80(3) or Article 81(3), and submits those statements or records;
- (ii) A person who does not prepare or does not preserve records under the provision of Article 67, or who prepares false records;
- (iii) A person who does not submit a written report under the provision of Article 68(1), or who submits a written report contains false statements;
- (iv) A person who does not report or submit materials under the provision of Article 73(1), or reports falsehoods or submits false materials, or who refuses, obstructs, or evades the inspection under the provision of the same paragraph, or who fails to answer questions under the provision of the same paragraph or gives false answer to said questions;
- (v) A person who does not report or submit materials under the provision of Article 73(1) applied *mutatis mutandis* to Article 85(3), or who reports falsehoods or submits false materials, or who refuses, obstructs, or evades the inspection under the provision of the same paragraph, or who fails to answer the question under the provision of the same paragraph or makes a false answer to said question; or
- (vi) A person who, in violation of the provision of Article 86, does not preserve Monetary Claims Records or documents or electromagnetic records under the same article.

Article 96

Any person who, in violation of the provision of Article 55, shall be punished by an imprisonment with work for not more than one year or by a fine of not more than 500,000 yen.

Article 97

Any person who falls under any of the following items shall be punished by a fine of not more than 300,000 yen:

- (i) A person who reduces their amount of stated capital without approval under the provision of Article 69(1) or a person who receives approval under the same paragraph by way of a false application; or
- (ii) A person who fails to provide notification under the provision of Article 72(1) or provides false notification.

Article 98

When a representative, an agent, an employee or any other worker of a juridical person commits a violation prescribed in any of the provisions the following items with regard to the business of said juridical person, not only the offender shall be punished but also said juridical person shall be punished by a fine prescribed in the pertinent items:

- (i) Article 93 or 94 A fine of not more than 300,000,000 yen;
- (ii) Article 95 (excluding item 5) A fine of not more than 200,000,000 yen; and
- (iii) Item 5 of Article 95 or Article 97 A fine as prescribed in the relevant articles.

Article 99

When an officer or a liquidator of the Electronic Monetary Claim Recording Institution (as for item 3, a person who was the Electronic Monetary Claim Recording Institution or the general successor provided in Article 77(5)) falls under any of the following items, shall be punished by a non-penal fine of not more than 1,000,000 yen if he/she:

- (i) fails to provides notification or provides false notification, in violation of the provision of Article 69(2);
- (ii) violates the order under the provision of Article 74 or Article 76(1);
- (iii) fails to send the document mentioned in the same paragraph, in violation of the provision of Article 77(5); or
- (iv) refuses requests under the provision of Article 87(1) or Article 88 without justifiable grounds, or provides the documents or the electromagnetic records with false statements or records.

Article 100

When a person who is an officer or a liquidator of a person who was an Electronic Monetary Claim Recording Institution or a general successor prescribed in Article 83(2), in violation of the provision of the same paragraph, fails to provide notification, the person shall be punished by a non-penal fine of not more than 300,000 yen.