

This English translation of the Banking Act has been prepared, reflecting up to the revisions of Act No.65 of 2006 and Act No.109 of 2006 (Effective September 30, 2007). This translation is awaiting Cabinet Secretariat's reviews, and is subject to change accordingly.

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## Banking Act (Act No. 59 of 1981)

The Banking Act (Act No. 21 of 1927) shall be fully revised.

Chapter 1: General Provisions (Article 1 - Article 9)

Chapter 2: Business (Article 10 - 16)

Chapter 2-2: Subsidiary Company, etc. (Article 16-2- 16-3)

Chapter 3: Accounting (Article 17 – Article 23)

Chapter 4: Supervision (Article 24 – Article 29)

Chapter 5: Merger, Company Split or Transfer of Business (Article 30 – Article 36)

Chapter 6: Discontinuance of Banking Business and Dissolution (Article 37 – Article 46)

Chapter 7: Branch Offices of Foreign Banks (Article 47 – Article 52)

Chapter 7-2: Shareholders

Section 1: General Rules (Article 52-2 – Article 52-8)

Section 2: Special Provisions Pertaining to Major Shareholder of Bank

Subsection 1: General Rules (Article 52-9 - Article 52-10)

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Subsection 3: Miscellaneous Provisions (Article 52-16)

Section 3: Special Provisions on Bank Holding companies

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Subsection 4: Supervision (Article 52-31 – Article 52-34)

Subsection 5: Miscellaneous Provisions (Article 52-35)

Chapter 7-3: Bank Agency Service

Section 1: General Rules (Article 52-36 – Article 52-41)

Section 2: Service (Article 52-42 – Article 52-48)

Section 3: Accounting (Article 52-49 – 52-51)

Section 4: Supervision (Article 52-52 – Article 52-57)

Section 5: Principal Bank, etc. (Article 52-58 – Article 52-60)

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Chapter 8: Miscellaneous Provisions (Article 53 – Article 60)

Chapter 9: Penal Provisions (Article 61 – Article 66)

Supplementary Provisions

Chapter 1 General Provisions

Article 1 (Purpose)

- (1) The purpose of this Act is, in view of the public nature of the business of banks and for the purpose of maintaining its credibility, securing the protection of Depositors, etc. and facilitating smooth functioning of financial services, to ensure sound and appropriate operations of the business of banks, thereby contributing to the sound development of the national economy.
- (2) In the application of this Act, due consideration shall be given for respecting banks' voluntary efforts for management of their business.

Article 2 (Definitions, etc.)

- (1) The term "Bank" as used in this Act means a person who operates banking business under the license of the Prime Minister prescribed in Article 4(1).
- (2) The term "Banking Business" as used in this Act means business that performs any of the following acts:
  - (i) Both acceptance of deposits or Installment Savings, and loans of funds or discounting of bills and notes; or
  - (ii) Conducting of exchange transactions.
- (3) The term "Installment Savings" as used in this Act means money accepted several times at regular intervals or within a fixed period of time on the promise of payment of a fixed amount of money at a designated date
- (4) The term "Installment Savings, etc." as used in this Act means, in addition to Installment Savings, installment deposits accepted within a designated fixed period of time on the promise of payment of a fixed amount of money on or before the end of that period.
- (5) The term "Depositors, etc." as used in this Act means depositors and persons who

make Installment Savings (including persons who make installment deposits prescribed in the preceding paragraph).

- (6) The term “Voting Rights Held by All of the Shareholders, etc.” as used in this Act means voting rights of all shareholders or all equity investors (in the case of a stock company, excluding voting rights relating to shares which do not allow exercising voting rights for all of the matters which may be resolved at a shareholders' meeting, but including voting rights relating to shares of which holders are deemed to have voting rights pursuant to the provision of Article 879(3) (Jurisdiction over Special Liquidation Cases) of the Companies Act (Act No. 86 of 2005); the same shall apply hereinafter).
- (7) The term “Shares, etc.” as used in this Act means shares or equity.
- (8) The term “Subsidiary Company” as used in this Act means a company of which voting rights exceeding fifty hundredths of the Voting Rights Held by All of the Shareholders, etc. are held by another company. In this case, a company of which voting rights exceeding fifty hundredths of the Voting Rights Held by All of the Shareholders, etc. are held jointly by the company and one or more of its Subsidiary Companies, or by one or more of Subsidiary Companies of the company shall be deemed to be a Subsidiary Company of the company.
- (9) The term “Major Shareholder Threshold” as used in this Act means twenty hundredths (fifteen hundredths in the case where a person who satisfies the requirements specified by a Cabinet Office Ordinance for the existence of the presumed fact that is expected to have a material effect on decisions of financial and business policies of the company holds the voting rights of the company) of the Voting Rights Held by All of the Shareholders, etc.
- (10) The term “Major Shareholder of Bank” as used in this Act means a person who holds voting rights of a Bank which amounts to the Major Shareholder Threshold or more (including a person who holds such number of voting rights in the name of another person (or under a fictitious name)the same shall apply hereinafter) and is established under the authorization set forth in Article 52-9(1) or obtains the authorization prescribed in Article 52-9(1) or the proviso to Article 52-9(2).
- (11) In the case referred to in paragraph (8) and the preceding paragraph, the voting rights held by a company or an individual voting right holder shall not include any voting rights pertaining to Shares, etc. held in the form of trust property pertaining to a monetary or security trust (limited to cases where the settlor or the beneficiary may exercise voting rights or may instruct to the company or the holders of the voting rights) and any other voting rights specified by a Cabinet Office Ordinance, but shall include any voting rights of the Shares, etc. which are held as trust property and of which the other company or the person holding voting rights of the Bank may, as a settlor or beneficiary, make exercise or may give instructions on the exercise (excluding those specified by a Cabinet Office

Ordinance) and any voting rights of the shares which cannot be asserted against the issuer pursuant to the provisions of Article 147(1) or Article 148(1) of the Act on Transfer of Bonds, Shares, etc. (Act No. 75 of 2001)

- (12) The term “Holding Company” as used in this Act means a Holding Company provided for in Article 9(5)(i) (Holding Company) of the Act on Prohibition of Private Monopolization and Maintenance of Fair Trade (Act No. 54 of 1947).
- (13) The term “Bank Holding Company” as used in this Act means a Holding Company which has a Bank as its Subsidiary Company and is established under the authorization set forth in Article 52-17(1) or obtains authorization prescribed in Article 52-17(1) or the proviso to Article 52-17(3).
- (14) The term “Bank Agency Service” as used in this Act means a business performing any of the following acts on behalf of a Bank:
- (i) Acting as an agent or intermediary for conclusion of a contract on acceptance of deposits or Installment Savings, etc.;
  - (ii) Acting as an agent or intermediary for conclusion of a contract on loans of funds or discounting of bills; or
  - (iii) Acting as an agent or intermediary for conclusion of a contract on exchange transactions.
- (15) The term “Bank Agent” as used in this Act means a person who provides Bank Agency Service under the permission of the Prime Minister prescribed in Article 52-36(1).
- (16) The term “Principal Bank” as used in this Act means a Bank which, through any of Bank Agent’s acts listed in each item of paragraph (14), accepts deposits or Installment Savings, etc., gives loans of funds or discounting bills and notes, or conducts exchange transactions as prescribed in each item of that paragraph under a contract prescribed in each item of that paragraph.

### Article 3

A business involving acceptance of deposits or Installment Savings, etc. (excluding those falling under acts listed in paragraph (2), item (ii) of the preceding Article) shall be deemed to be a Banking Business, and this Act shall apply to such business.

### Article 3-2

- (1) Any person listed in the following items shall be deemed to be a holder of the Bank’s voting rights of which the number specified in each item, and Sections 1 and 2 of Chapter 7-2, Chapter 8 and Chapter 9 shall apply to such person:
- (i) An organization that is not a juridical person (limited to organizations specified by a Cabinet Office Ordinance as those equivalent to a juridical person): the number of the Bank’s voting rights which are held in the name of the organization

- (ii) A company which is required to prepare its financial statements or other documents on a consolidated basis pursuant to the provisions of a Cabinet Office Ordinance (referred to as “Company Subject to Standards for Consolidation” in the next item), where a Bank is included in companies and other juridical persons (including organizations that is not a juridical person prescribed in the preceding item, and hereinafter collectively referred to as “Company, etc.” in this paragraph) consolidated to said company and where said company is not consolidated in any other company’s financial statements or other documents: the number calculated pursuant to the provisions of a Cabinet Office Ordinance as representing the company’s substantial influence that could be exercised on the Bank;
- (iii) Where a Company, etc. (excluding that which is consolidated in the financial statement or other documents of a company falling under the type of company listed in the preceding item, limited to that which holds voting rights of a Bank) which is not a Company Subject to Standards for Consolidation and belongs to a Group of Companies, etc. (meaning a group of companies, etc. consisting of (a) that Company, etc. and (b) other Companies, etc. specified by a Cabinet Office Ordinance as those have close relationships with that Company, etc. for reason that the Company, etc. holds majority voting rights of the other Company, etc. or for other reason and; hereinafter the same shall apply in this paragraph) and where the total number of voting rights held by all of the companies, etc. belonging to the Group of Companies, etc. (hereinafter referred to as “The Number of Voting Rights Held by the Group of Companies, etc.” in this item and the following item) is equal to or more than the Major Shareholder Threshold of the Bank (such Group of Companies, etc. are hereinafter referred to as “Specified Group of Companies, etc.” in this item and the following item), a Company, etc. in the Specified Group of Companies, etc. whose majority voting rights are held by no other Company, etc.: The Number of Voting Rights Held by the Group of Companies, etc. of the Specified Group of Companies, etc.
- (iv) Where no Company, etc. in the Specified Group of Companies, etc. falls under the type of Company, etc. listed in the preceding item, a Company, etc. whose assets in the balance sheet are the largest among the Specified Group of Companies, etc.: The Number of Voting Rights Held by the Group of Companies, etc. of the Specified Group of Companies, etc.
- (v) An individual who holds the majority voting rights of Companies, etc. holding some voting rights of a Bank (including those listed in item (ii) to the preceding item inclusive ; hereinafter the same shall apply in this item), where the total of number of voting rights of the Bank held by the Companies, etc. whose majority voting rights are held by that individual (in the case of the Companies, etc. falling under any of the categories listed in the preceding items, the number

specified in each item)(in the case of an individual who has voting rights of the Bank, the number of voting rights obtained by adding the number of voting rights of the Bank held by the individual to the total number of voting rights held by such companies, etc.; the number calculated thereby is hereinafter referred to as “The Grand Total Number of Voting Rights” in this item) is equal to or more than twenty hundredths of the Voting Rights Held by All of the Shareholders, etc. of the Bank: The Grand Total Number of Voting Rights for the individuals

(vi) A person who holds voting rights of a Bank (including a person falling under any of the categories listed in the preceding items; hereinafter the same shall apply in this item), where the total number of voting rights of that Bank held by that person (in the case of a person falling under any of the categories listed in the preceding items, the number specified in each item) and those held by his/her Joint Holder(s) (meaning another person (including a person falling under any of the categories listed in the preceding items) who holds voting rights of the Bank and has agreed with that person on joint acquisition or transfer of shares relating to the Bank’s voting rights or on joint exercise of the voting rights or other right as shareholders of that Bank (excluding a Company, etc. which is consolidated in the financial statements or other documents of that company where that holder of those voting rights is a company falling under the category listed in item (ii), a Company, etc. other than that company belonging to the Group of Companies, etc. to which that person belongs where that holder of voting rights is a Company, etc. falling under the category prescribed in item (iii) or (iv), a Company, etc. whose majority voting rights are held by that person where a holder of those voting rights is an individual falling under the category listed in the preceding item, but including a person who has a special relationship with said person as specified by a Cabinet Order with the holder of those voting rights)) (in the case of a Joint Holder falling under any of the categories listed in the preceding items, the number prescribed in each item) (the total number of voting rights is hereinafter referred to as “The Number of Voting Rights Jointly Held” in this item) is equal to or more than twenty hundredths of the Voting Rights Held by All of the Shareholders, etc. of the Bank: The Number of Voting Rights Jointly Held

(vii) A person specified by a Cabinet Office Ordinance as being equivalent to those listed in the preceding items: The number calculated pursuant to the provisions of a Cabinet Office Ordinance as those representing the substantial influence on the Bank

(2) In the case referred to in each item of the preceding paragraph, the provision of Article 2(11) shall apply mutatis mutandis to voting rights to be deemed as held by a person listed in each item of the preceding paragraph and voting rights held by

the holder of the voting rights.

#### Article 4 (License of Banking Business)

- (1) No Banking Business may be conducted without having obtained a license from the Prime Minister.
- (2) When an application for license of Banking Business is filed, the Prime Minister shall examine whether the following requirements are satisfied:
  - (i) The person who has filed an application for license of Banking Business (hereinafter referred to as the "Applicant" in this paragraph) shall have financial basis to conduct the business of a Bank soundly and efficiently and shall have good prospects for income and expenditure pertaining to the business; and
  - (ii) In light of such matters as its personnel structure, the Applicant shall have the knowledge and experience to be able to carry out the business of a Bank appropriately, fairly and efficiently and shall have sufficient social credibility.
- (3) Where a person whose all or part of shareholders is a person conducting Banking Business in a foreign state in accordance with the laws and regulations of the foreign state (including a person who has a special relationship with such other person as specified by a Cabinet Order, but excluding Banks, etc.; hereinafter referred to as "Foreign Bank, etc." in this paragraph) files an application for license of Banking Business, if the Foreign Bank, etc. lawfully holds voting rights of the person filing the application for license of Banking Business which exceeds the number calculated by multiplying the Voting Rights Held by All of the Shareholders, etc. of that person by the rate specified by a Cabinet Office Ordinance, the Prime Minister shall make examination on whether it is found that Banks are given substantially the same treatment as given under this Act in the state where the principal business office of the Foreign Bank, etc. is located, in addition to the requirements prescribed in each item of the preceding paragraph; provided, however, that this shall not apply to the cases where that examination would preclude sincere implementation of an international agreement or in any other cases specified by a Cabinet Order.
- (4) The Prime Minister may, when and to the extent that he/she finds it necessary for the public interest in light of requirements for examination prescribed in the preceding two paragraphs, impose conditions on the license referred to in paragraph (1) or change them.
- (5) The "Banks, etc." set forth in paragraph (3) shall mean Banks and Long-Term Credit Banks (meaning Long-Term Credit Banks prescribed in Article 2 (Definition) of the Long-Term Credit Bank Act (Act No. 187 of 1952); the same shall apply hereinafter).

#### Article 4-2 (Organs of a Bank)

A Bank shall be a stock company which has the following organs:

- (i) Board of directors;
- (ii) Board of company auditors or committees (hereinafter in Article 52-18(2)(ii) referring to committees provided for in Article 2(12) (Definitions) of the Companies Act)
- (iii) Accounting auditor.

#### Article 5 (Amount of Stated Capital)

- (1) The amount of the stated capital of a Bank shall be equal to or more than the amount specified by a Cabinet Order.
- (2) The amount specified by a Cabinet Order under the preceding paragraph shall not be less than one billion yen.
- (3) A Bank shall, when it intends to reduce the amount of its stated capital, obtain authorization from the Prime Minister.

#### Article 6 (Trade Name)

- (1) A Bank shall use the term “Ginko” (which means “Bank”) in its trade name.
- (2) No person other than a Bank shall use in its name or trade name any term which would indicate that the person is a Bank.
- (3) A Bank shall, when it intends to change its trade name, obtain authorization from the Prime Minister.

#### Article 7 (Restriction of Concurrent Holding of Positions by Director, etc.)

- (1) Directors engaging in the ordinary business of a Bank (or, in the case of a Bank which is a company with committees, executive officer) shall not engage in the ordinary business of any other company, except when authorized by Prime Minister.
- (2) When an application for authorization referred to in the preceding paragraph is filed, the Prime Minister shall not grant the authorization unless he/she finds that matters pertaining to the application are not likely to interfere with the sound and appropriate management of the Bank.

#### Article 7-2 (Eligibility of Directors, etc. and Other Related Matters)

- (1) Directors engaging in the ordinary business of a Bank (in the case of a Bank which is a company with committees, executive officer) shall have the knowledge and experience to be able to manage and control a Bank appropriately, fairly and efficiently and shall have sufficient social credibility.
- (2) A person who has become subject to the ruling of the commencement of bankruptcy proceedings and has not had restored his/her rights, or a person who is



treated the same as such a person under the laws and regulations of a foreign state, may not be appointed as a director, executive officer or auditor of a Bank.

- (3) With regard to application of the provisions of Article 331(1)(iii) (Qualifications of Directors) of the Companies Act (including the cases where it is applied mutatis mutandis pursuant to Article 335(1) (Qualifications of Company Auditors) and Article 402(4) (Election of Executive Officers) of that Act) to directors, executive officers or auditor of a Bank, the term “this Act” in that item shall be deemed to be replaced with “the Banking Act, this Act.”
- (4) The provisions of the proviso to Article 331(2) (Qualifications of Directors) of the Companies Act (including the cases where it is applied mutatis mutandis pursuant to Article 335(1) (Qualifications of Company auditors)), Article 332(2) (Directors' Terms of Office) of that Act (including the cases where it is applied mutatis mutandis pursuant to Article 334(1) (Accounting Advisors' Terms of Office) of that Act), Article 336(2) (Company Auditors' Terms of Office) of that Act and the proviso to Article 402(5) (Election of Executive Officers) of that Act shall not apply to Banks.

#### Article 8 (Establishment of Business Offices, etc.)

- (1) When a Bank intends to establish a branch office or other business office, change the location thereof (including change in the location of its head office), change the type thereof or abolish one in Japan, the Bank shall notify it to the Prime Minister pursuant to the provisions of a Cabinet Office Ordinance, except for the cases specified by a Cabinet Office Ordinance.
- (2) When a Bank intends to establish a branch office and other business office, change the type or abolish one in a foreign state, the Bank shall obtain authorization from the Prime Minister pursuant to the provisions of a Cabinet Office Ordinance, except for the cases specified by a Cabinet Office Ordinance.
- (3) When a Bank intends to conclude or terminate a contract for entrustment of each act listed in each item of Article 2(14) in a foreign state, the Bank shall obtain authorization from the Prime Minister pursuant to the provisions of a Cabinet Office Ordinance.

#### Article 9 (Prohibition of Name-Lending)

A Bank shall not have another person engage in Banking Business in the name of the Bank.

### Chapter 2 Business

#### Article 10 (Scope of Business)

- (1) A Bank may conduct the following businesses:

- (i) Acceptance of deposits or Installment Savings, etc.;
  - (ii) Loan of funds or discounting of bills; and
  - (iii) Exchange transactions.
- (2) In addition to the businesses listed in each item of the preceding paragraph, a Bank may conduct the following businesses and other businesses incidental to Banking Business:
- (i) Guarantee of obligations or acceptance of bills;
  - (ii) Sales and purchase of securities (excluding securities that fall under the category of monetary claims indicated in the form of certificates as prescribed in item (v) and Short-Term Bonds, etc.; hereinafter the same shall apply in items (v)-2 and (vi)) (excluding sales and purchase that fall under the category of Transactions of Securities-Related Derivatives) or Transactions of Securities-Related Derivatives (limited to those for the purpose of investment or Brokerage with Written Orders);
  - (iii) Loan of securities;
  - (iv) Underwriting (excluding that carried out for the purpose of secondary distribution) of National Government Bonds, local government bonds or Government-Guaranteed Bonds (hereinafter referred to as “National Government Bonds, etc.” in this Article) or handling of public offerings of the National Government Bonds, etc. pertaining to that underwriting;
  - (v) Acquisition or transfer of monetary claims (including certificates of transferable deposits and other monetary claims indicated in the form of certificates specified by a Cabinet Office Ordinance);
  - (v)-2 Underwriting (excluding that carried out for the purpose of secondary distribution) of Specified Company Bonds issued by Special Purpose Companies (excluding Specified Short-Term Company Bonds and limited to those where only nominative monetary claims or rights of beneficiary of trust into which nominative monetary claims are placed are acquired using the money gained through the issuance of that Specified Company Bonds under Asset Securitization Plans) and any other securities specified by a Cabinet Office Ordinance as those equivalent thereto (hereinafter referred to as “Specified Company Bonds, etc.” in this item) or handling of public offering of the Specified Company Bonds, etc. pertaining to that underwriting;
  - (v)-3 Acquisition or transfer of Short-Term Bonds, etc.;
  - (vi) Handling of Private Placement of Securities;
  - (vii) Entrusted operations of public offering or management of local government bonds, company bonds or other bonds;
  - (viii) Agency or intermediary service of the business of a person who conducts a Bank and other financial business (limited to those specified by a Cabinet Office Ordinance);

- (ix) Handling of the receipt of money and other affairs pertaining to money of the State, local public entities, companies or other entities;
  - (x) Safe deposit of securities, precious metal or other goods;
  - (x)-2 Transfer Business;
  - (xi) Money exchange business;
  - (xii) Derivative Transactions (excluding those that fall under the category of Transactions of Securities-Related Derivatives; the same shall apply in the following item) that are specified by a Cabinet Office Ordinance (excluding those that fall under the category of the business listed in item (v));
  - (xiii) Intermediary, brokerage or agency service of Derivative Transactions (limited to those specified by a Cabinet Office Ordinance);
  - (xiv) Transactions where the relevant parties promise to give and receive money calculated based on the difference between a numerical value that the parties have agreed upon in advance as the numerical value of an interest rate, currency value, product price or any other index and the actual numerical value of that index at a fixed point of time in the future, or any equivalent transactions, that are specified by a Cabinet Office Ordinance (referred to as “Financial Derivative Transactions” in the following item) (excluding transactions that fall under the categories of business listed in items (v) and (xii));
  - (xv) Intermediary, brokerage or agency service of Financial Derivative Transactions (excluding such business that falls under the category of business specified in item (xiii) and such business that is specified by a Cabinet Office Ordinance);
  - (xvi) Over-the-Counter Transactions of Securities-Related Derivatives (limited to those that are settled through giving and receiving the difference in the case where the securities pertaining to that Over-the-Counter Transactions of Securities-Related Derivatives fall under the category of monetary claims that are indicated in the form of certificates as prescribed in item (v) and are not Short-Term Bonds, etc.; the same shall apply in the following item) (excluding transactions that fall under the category of business specified in item (ii)); and
  - (xvii) Intermediary, brokerage or agency service of Over-the-Counter Transactions of Securities-Related Derivatives.
- (3) “Short-Term Bonds, etc.” set forth in items (ii), (v)-3 and (xvi) of the preceding paragraph and paragraph (6) mean the following bonds:
- (i) Short-Term Bonds prescribed in Article 66(i) (Vesting of Rights) of the Act on Transfer of Bonds, Shares, etc.;
  - (ii) Short-term commercial and industrial bonds prescribed in Article 33-2 (Issuance of Short-Term Commercial and Industrial Bonds) of the Shoko Chukin Bank Act (Act No. 14 of 1936);

- (iii) Short-term investment corporation bonds prescribed in Article 139-12(1) (Special Provisions Pertaining to Short-Term Investment Corporation Bonds) of the Act on Investment Trust and Investment Corporations (Act No. 198 of 1951);
  - (iv) Short-term bonds prescribed in Article 54-4(1) (Issuance of Short-Term Bonds) of the Shinkin Bank Act (Act No. 238 of 1951);
  - (v) Short-Term Bonds prescribed in Article 61-10(1) (Special Provisions on Short-Term Bonds) of the Insurance Business Act (Act No. 105 of 1995);
  - (vi) Specified Short-Term Company Bonds prescribed in Article 2(8) (Definitions) of the Act on Securitization of Assets (Act No. 105 of 1998);
  - (vii) Short-term Norinchukin Bank debentures prescribed in Article 62-2(1) (Issuance of Short-Term Norinchukin Bank Debentures) of the Norinchukin Bank Act (Act No. 93 of 2001); and
  - (viii) Of the rights to be indicated in bonds issued by foreign juridical persons for which vesting of the rights is to be decided based on the entry or record in the transfer account registry pursuant to the provisions of the Act on Transfer of Bonds, Shares, etc. (excluding bonds having a nature of company bonds with share warrant), those that satisfy all of the following requirements:
    - (a) The amount of each right is not less than 100 million yen;
    - (b) There are provisions on a fixed due date for redemption of the principal that is within one year from the day on which the total amount of the rights has been paid, and there is no provision on an installment plan; and
    - (c) There are provisions to make the due date for the payment of interest the same date as the due date for the redemption of the principal set forth in (b).
- (4) The “Transactions of Securities-Related Derivatives” and “Brokerage with Written Orders” set forth in paragraph (2)(ii) and (xii) respectively mean the Transactions of Securities-Related Derivatives prescribed in Article 28(8)(vi) (Definitions) of the Financial Instruments and Exchange Act (Act No. 25 of 1948) and the Intermediary Service of Securities Transactions on Receiving Written Orders prescribed in Article 33(2) (Prohibition, etc. of Securities-Related Business by Financial Institutions) of that Act.
- (5) “Government-Guaranteed Bonds” set forth in paragraph (2)(iv) means company bonds and other bonds for which redemption of the principal and payment of interest are guaranteed by the government.
- (6) The business listed in paragraph (2)(v) shall include the business of carrying out the acts listed in Article 2(8)(i) to (vi) inclusive and (viii) to (x) inclusive (Definitions) of the Financial Instruments and Exchange Act for monetary claims that are indicated in the form of certificates as prescribed in paragraph 2(v) and that fall under the category of securities, and the business set forth in paragraph (2)(v)-3 shall include the business of carrying out such acts for Short-Term Bonds, etc.

- (7) The “Special Purpose Companies,” “Asset Securitization Plans,” “Specified Company Bonds” and “Specified Short-Term Company Bonds” set forth in paragraph (2)(v)-2 respectively mean the Special Purpose Companies, Asset Securitization Plans, Specified Company Bonds and Specified Short-Term Company Bonds prescribed in Article 2(3), (4), (7) and (8) (Definitions) of the Act on Securitization of Assets.
- (8) The “Handling of Private Placement of Securities” set forth in paragraph (2)(vi) means to handle Private Placement of Securities (meaning Private Placement of Securities as prescribed in Article 2(3) (Definitions) of the Financial Instruments and Exchange Act).
- (9) The “Transfer Business” set forth in paragraph (2)(x)-2 means the Transfer Business carried out as an account management institution set forth in Article 2(4) (Definitions) of the Act on Transfer of Bonds, Shares, etc.
- (10) The “Derivative Transactions” set forth in paragraph (2)(xii) and (xiii) and the “Over-the-Counter Transactions of Securities-Related Derivatives” set forth in paragraph (2)(xvi) and (xvii) respectively mean the Derivative Transactions prescribed in Article 2(xx) (Definitions) of the Financial Instruments and Exchange Act and the acts listed in Article 28(8)(iv) (Definitions) of that Act.

#### Article 11

In addition to the business operated under the provisions of the preceding Article, a Bank may operate the following businesses to the extent that it does not obstruct the execution of the businesses listed in each item of Article 10(1):

- (i) Business of carrying out any acts listed in each item of Article 33(2) (Prohibition, etc. of Securities-Related Business by Financial Institutions) of the Financial Instruments and Exchange Act for the securities or transactions listed in each item of the that paragraph (excluding the business conducted under the provisions of paragraph (2) of the preceding Article); and
- (ii) Business related to affairs pertaining to a trust conducted by the method listed in Article 3(iii) (Methods of Creating Trust) of the Trust Act (Act No. 108 of 2006).

#### Article 12

A Bank may not conduct business other than the business conducted under the provisions of the preceding two Articles and the business conducted pursuant to the provisions of the Secured Bonds Trust Act (Act No. 52 of 1905) or other laws.

#### Article 12-2 (Provision, etc. of Information to Depositors, etc.)

- (1) A Bank shall, in order to contribute to the protection of Depositors, etc. with regard to acceptance of deposits or Installment Savings, etc. (hereinafter referred

to as “Deposits, etc.” in this paragraph) (excluding acceptance of the Specified Deposits, etc. prescribed in Article 13-4), provide information on the contents of contracts pertaining to the Deposits, etc. and other information that would be helpful for the Depositors, etc., pursuant to the provisions of a Cabinet Office Ordinance.

- (2) In addition to what is provided for in the preceding paragraph, Article 13-4 and other Acts, a Bank shall, pursuant to the provisions of a Cabinet Office Ordinance, explain important matters pertaining to its business to customers, appropriately handle customer information acquired in relation to its business, take measures to ensure precise execution of that business and other sound and appropriate management in the case of entrusting its business to a third party.

#### Article 12-3 (Prohibition of Becoming Member with Unlimited Liability, etc.)

A Bank may not become a member with unlimited liability or member who executes the business of a membership company.

#### Article 13 (Granting of Credit, etc. to One Person)

- (1) The total amount of Credit, etc. granted (hereinafter in this Article referring to those specified by a Cabinet Order) by a Bank to one person (including other persons who has a special relationship specified by a Cabinet Order with that person; hereinafter the same shall apply in this Article) shall not exceed the amount obtained by multiplying the amount of the Bank’s equity capital by the ratio specified by a Cabinet Order for each category provided therein (the amount thus calculated shall be referred to as the “Limit of Granting of Credit, etc.” in this Article); provided, however, that this shall not apply to the cases where the Prime Minister has given the approval in the cases where the total amount of Credit, etc. Granted by a Bank to one person exceeds the Limit of Granting of Credit, etc. as a result of a Merger, of Joint Incorporation-Type Split (meaning an Incorporation-Type Split that two or more stock companies or limited liability companies effect jointly; the same shall apply in Articles 16-3(4)(iv) and 52-22(1)) or absorption-type split or of transfer of another person’s business by a person who takes granting of credit, etc.
- (2) Where a Bank has Subsidiary Companies (excluding companies specified by a Cabinet Office Ordinance) and persons who has a special relationship with other that Bank specified by a Cabinet Office Ordinance (hereinafter referred to as the “Subsidiary Companies, etc.” in this Article), the total amount of Credit, etc. granted to one person by the Bank and its Subsidiary Companies, etc. or by its Subsidiary Companies, etc. shall not exceed the amount obtained by multiplying the total net amount of the equity capital of the Bank and its Subsidiary Companies, etc. by the ratio specified by a Cabinet Order for each category provided therein (hereinafter referred to as the “Consolidated Limit of Granting of Credit, etc.” in this Article). In this case, the proviso to the preceding paragraph

shall apply mutatis mutandis.

- (3) The provisions of the preceding two paragraphs shall not apply to the granting of credit to the State or a local public entity, granting of credit for which redemption of the principal and payment of interest are guaranteed by the government and any other granting of credit, etc. specified by a Cabinet Order as granting of credit equivalent thereto.
- (4) In the case referred to in paragraph (2), if the total amount of Credit, etc. granted to one person by the Bank and its Subsidiary Companies, etc. or by its Subsidiary Companies, etc. exceeds the Consolidated Limit of Granting of Credit, etc., the excess amount of the Credit, etc. granted shall be deemed to be Credit, etc. granted by the Bank.
- (5) In addition to what is provided for in the preceding paragraphs, the calculation method for the amount of Credit, etc. granted, the amount of the equity capital prescribed in paragraph (1), the Limit of Granting of Credit, etc., the total net amount of the equity capital prescribed in paragraph (2) and the Consolidated Limit of Granting of Credit, etc. and any other necessary matters concerning the application of the provisions of paragraphs (1) and (2) shall be specified by a Cabinet Office Ordinance.

#### Article 13-2 (Transactions, etc. with Person Having Specified Relationship)

A Bank shall not carry out the following transactions or acts with a specified related person (hereinafter referring to a Subsidiary Company of that Bank, a Major Shareholder of Bank for that Bank, a Bank Holding Company which has that Bank as its Subsidiary Company, a Subsidiary Company of that Bank Holding Company (excluding that Bank), a Bank Agent for which that Bank serves as an Principal Bank, or any other person having a special relationship specified by a Cabinet Order with that Bank; hereinafter the same shall apply in this Article and the following Article) or a customer of such specified related person; provided, however, that this shall not apply to the cases where the approval of the Prime Minister has been obtained, in the case where there is a compelling reason as specified by a Cabinet Office Ordinance for carrying out that transaction or act:

- (i) Transactions carried out with that specified related person for which the terms and conditions are specified by a Cabinet Office Ordinance as those that give disadvantages to that Bank in light of the ordinary terms and conditions of transactions of that Bank; and
- (ii) Transactions or acts carried out with that specified person concerned or with a customer of that specified person concerned that are equivalent to those listed in the preceding item and that are specified by a Cabinet Office Ordinance as transactions or acts that have a risk of impairing the sound and appropriate execution of the business of that Bank.

#### Article 13-3 (Prohibited Acts Pertaining to Business of Banks)

A Bank shall not carry out the following acts (excluding the acts listed in item (iv) with regard to the business of concluding Contracts for Specified Deposits, etc. prescribed in the following Article) in relation to its business:

- (i) Acts of providing false information to customers;
- (ii) Acts of providing a customer with any conclusive judgment with respect to an uncertain matter or giving information that is likely to have the customer mistakenly believe an uncertain matter for being certain;
- (iii) Acts of granting credit or promising granting of credit to customers on the condition that the customers carry out transactions relating to the business operated by that Bank, a specified related person of that Bank or any other person having a close relationship specified by a Cabinet Office Ordinance with that Bank (excluding acts specified by a Cabinet Office Ordinance as those that have no risk of lacking customer protection); and
- (iv) In addition to what is listed in the preceding three items, acts that are specified by a Cabinet Office Ordinance as those that have a risk of lacking customer protection.

#### Article 13-4 (Application Mutatis Mutandis of Financial Instruments and Exchange Act)

The provisions of Subsection 5 of Section 1 of Chapter 3 of the Financial Instruments and Exchange Act (excluding Article 34-2(6) to (8) inclusive (Cases Where a Professional Investor Will be Deemed to be a Customer Other than Professional Investor) and Article 34-3(5) and (6) inclusive (Cases Where a Juridical Person who Is a Customer Other Than Professional Investor Will Be Deemed to Be a Professional Investor)) (Professional Investors), Subsection 1 of Section 2 of that Chapter (excluding Articles 35 to 36-4 inclusive (‘Scope of Businesses of Persons Who Engage in Type I Financial Instruments Business or Investment Management Business, Scope of Subsidiary Businesses of Persons Who Only Engage in Type II Financial Instruments Business or Investment Advisory and Agency Business, Duty of Good Faith to Customers, Posting of Signs, Prohibition of Name Lending, and Prohibition of Administration of Company Bonds), Article 37(1)(ii) (Regulation of Advertising, etc.), Article 37-2 (Obligation to Clarify Conditions of Transactions in Advance), Article 37-3(1)(ii) and (vi) and Article 37-3(3) (Delivery of Document Prior to Conclusion of Contract), Article 37-5 (Delivery of Document Pertaining to Receipt of Security Deposit), Article 38(i) and (ii) and Article 38-2 (Prohibited Acts), the proviso to Article 39(3) and Article 39(5) (Prohibition of Compensation of Loss, etc.), Article 40-2 (Best Execution Policy) and Article 40-3 (Prohibition of Sales and Purchase, etc. Where Separate Management Is not Ensured)) (General Rules) and



Article 45 (excluding items (iii) and (iv)) (Miscellaneous Provisions) shall apply mutatis mutandis to conclusion of Contracts for Specified Deposits, etc. (meaning contracts on acceptance of Specified Deposits, etc. (meaning those that are specified by a Cabinet Office Ordinance as deposits or Installment Savings, etc. with the risk of a principal loss caused by fluctuations pertaining to the interest rate, currency value, quotations on a financial instruments market prescribed in Article 2(14) of that Act, or any other index); the same shall apply hereinafter) by a Bank. In this case, the term “Contract for Financial Instruments Transaction” in these provisions shall be deemed to be replaced with “Contract for a Specified Deposit, etc.”; the term “Financial Instruments Business” shall be deemed to be replaced with “Business of Concluding Contracts for Specified Deposits, etc.”; the term “Act of Financial Instruments Transaction” in these provisions (excluding the provisions in Article 34 of that Act) shall be deemed to be replaced with “Conclusion of Contracts for Specified Deposits, etc.”; the phrase “contract to conduct Acts of Financial Instruments Transaction (meaning acts listed in each item of Article 2(8); the same shall apply hereinafter) with a customer as the other party or on behalf of a customer” in Article 34 of that Act shall be deemed to be replaced with “Contracts for Specified Deposits, etc. as Prescribed in Article 13-4 of the Banking Act.”; the phrase “; provided” in Article 37-3(1) of that Act shall be deemed to be replaced with “and shall, in order to contribute to the protection of Depositors, etc. (meaning Depositors, etc. prescribed in Article 2(5) of the Banking Act; hereinafter the same shall apply in this paragraph), provide the customer in advance with information on the contents of the Contract for a Specified Deposit, etc. and other information that would be helpful for the Depositors, etc., pursuant to the provisions of a Cabinet Office Ordinance; provided.”; the phrase “sales and purchase and any other transaction of Securities (excluding sales and purchase on condition of repurchase for which the repurchase price is set in advance and other transactions specified by a Cabinet Order) or of Derivative Transactions (hereinafter referred to as “Sales and Purchase or Other Transaction of Securities, etc.” in this Article)” in Article 39(1)(i) of that Act shall be deemed to be replaced with “conclusion of Contracts for Specified Deposits, etc.”; the phrase “Securities or Derivative Transactions (hereinafter referred to as “Securities, etc.” in this Article)” in that item shall be deemed to be replaced with “Contracts for Specified Deposits, etc.”; the phrase “customer (in the case where a Trust Company, etc. (meaning a trust company or financial institution that has obtained authorization under Article 1(1) of the Act on Provision, etc. of Trust Business by Financial Institutions; the same shall apply hereinafter) conducts sales and purchase of Securities or Derivative Transactions for the account of the person who sets a trust under a trust contract, including that person who sets the trust; hereinafter the same shall apply in this Article)” in that item shall be deemed to be replaced with “Customers.”; the phrase “make up for” in that item shall be deemed to

be replaced with “make up, outside that Contract for a Specified Deposit, etc., for,”; the term “Sales and Purchase or Other Transaction of Securities, etc.” in items (ii) and (iii) of that paragraph shall be deemed to be replaced with “Conclusion of Contracts for Specified Deposits, etc.,”; the term “Securities, etc.” in those items shall be deemed to be replaced with “Contracts for Specified Deposits, etc.,”; the phrase “make an addition to” in item (ii) of that paragraph shall be deemed to be replaced with “make an addition, outside that Contract for a Specified Deposit, etc., to,”; the term “make an addition to” in item (iii) of that paragraph shall be deemed to be replaced with “make an addition, outside that Contract for a Specified Deposit, etc., to,”; the term “Sales and Purchase or Other Transaction of Securities, etc.” in paragraph (2) of that Article shall be deemed to be replaced with “Conclusion of Contracts for Specified Deposits, etc.,”; the phrase “that is specified by a Cabinet Office Ordinance as a potential cause of” in paragraph (3) of that Article shall be deemed to be replaced with “that is a potential cause of,”; the phrase “Articles 37-2 to 37-6 inclusive, Article 40-2(4), and Article 43-4” in Article 45(ii) of that Act shall be deemed to be replaced with “Article 37-3 (limited to the part pertaining to delivery of a document set forth in paragraph (1) and excluding items (ii) and (vi) of that paragraph and paragraph (3)), Article 37-4 and Article 37-6,”; and any other necessary technical replacement of terms shall be specified by a Cabinet Order.

#### Article 14 (Granting of Credit to Directors, etc.)

- (1) With regard to granting of credit by a Bank to a director or executive officer of that Bank, the terms and conditions thereof shall not be those they give disadvantages to that Bank compared to the ordinary terms and conditions of granting of credit of that Bank.
- (2) With regard to the application of the provisions of Article 369(1) (Resolution of Board of Directors Meetings) of the Companies Act to approval by the board of directors under the provisions of Article 356(1) (Restrictions on Competition and Conflicting Interest Transactions) of that Act applied by the reading of terms pursuant to Article 365(1) (Restrictions on Competition and Transactions with Companies with Board of Directors) of that Act and under the provisions of Article 356(1) of that Act as applied mutates mutandis pursuant to Article 419(2) (Executive Officer’s Duty to Report to Audit Committee Members) of that Act in the case of granting of credit by a Bank to a director or executive officer of that Bank, the phrase “The Majority (in cases where a higher proportion is provided for in the articles of incorporation, such proportion or more)” in that paragraph shall be deemed to be replaced with “The Majority of at Least Two-Thirds (in cases where a higher proportion is provided for in the articles of incorporation, such proportion).”

#### Article 14-2 (Securing of Soundness in Management)

The Prime Minister may set the following criteria and any other criteria as the criteria to be used by Banks to determine the soundness in their management in order to contribute to the sound management of the business of Banks:

- (i) Criteria on whether or not the adequacy of equity capital of a Bank is appropriate in light of the circumstances such as the assets owned by that Bank; and
- (ii) Criteria on whether or not the adequacy of equity capital of that Bank and its Subsidiary Companies, etc. is appropriate in light of the circumstances such as the assets owned by the Bank, its Subsidiary Company and other that Bank and company that has a special relationship specified by a Cabinet Office Ordinance(hereinafter referred to as “Subsidiaries, etc.” in this item, Chapter 3 and Chapter 4).

#### Article 15 (Holidays and Business Hours)

- (1) Holidays of a Bank shall be limited to Sundays and any other days specified by a Cabinet Order.
- (2) Business hours of a Bank shall be specified by a Cabinet Office Ordinance by taking into consideration the circumstances such as the status of financial transactions.

#### Article 16 (Temporary Suspension of Business, etc.)

- (1) Except in cases specified by a Cabinet Office Ordinance, a Bank shall, when it temporarily suspends whole or part of its business at its business office due to natural disasters or any other compelling reason, immediately notify the Prime Minister to that effect with the reasons thereof, as well as give public notice and, pursuant to the provisions of a Cabinet Office Ordinance, post to that effect at that business office. The same shall apply to the case where a Bank resumes whole or part of its business at the business office where it has temporarily suspended whole or part of its business.
- (2) Notwithstanding the provisions of the preceding paragraph, the public notice prescribed in that paragraph shall not be required in the case where a Bank temporarily suspends whole or part of its business at an unmanned business office and in any other case specified by a Cabinet Office Ordinance.

#### Chapter 2-2 Subsidiary Company, etc.

#### Chapter 16-2 (Scope of Bank’s Subsidiary Companies, etc.)

- (1) A Bank shall not have any Subsidiary Company other than companies which fall under any of the categories specified in the following items (hereinafter such

companies shall be referred to as a “Companies Eligible for Subsidiary Companies” in this Article):

(i) Banks;

(ii) Long-Term Credit Banks;

(iii) Financial Instruments Business Operators (meaning Financial Instruments Business Operators as defined in Article 2(9) (Definitions) of the Financial Instruments and Exchange Act; the same shall apply in Article 52-4(1) of this Act) which, apart from Securities-Related Business (meaning Securities-Related Business as defined in Article 28(8) (Definitions) of that Act; the same shall apply hereinafter), exclusively engage in business of carrying out the acts listed in any of item (i) to (viii) inclusive of Article 35(1) (Scope of Businesses of Persons Who Engage in Type I Financial Instruments Business or Investment Management Business) of that Act and other businesses specified by a Cabinet Office Ordinance (hereinafter referred to as a “Companies Specialized in Securities Business”);

(iv) Financial Instruments Intermediary Service Providers prescribed in Article 2(12) (Definitions) of the Financial Instruments and Exchange Act which, apart from Financial Instruments Intermediary Service (meaning Financial Instruments Intermediary Service prescribed in Article 2(11) (Definitions) of that Act and limited to service of carrying out any of the acts listed in the following; hereinafter the same shall apply in this item), exclusively engage in activities incidental to Financial Instruments Intermediary Service and other services specified by a Cabinet Office Ordinance (hereinafter referred to as “Company Specialized in Securities Intermediary Service”);

(a) Acts listed in Article 2(11)(i) (Definitions) of the Financial Instruments and Exchange Act;

(b) Intermediary for the entrustment of sales and purchase of securities on Financial Instruments Exchange Markets prescribed in Article 2(17) (Definitions) of the Financial Instruments and Exchange Act or Foreign Financial Instruments Markets prescribed in Article 2(8)(iii)(b) (Definitions) of that Act (excluding acts listed in (c));

(c) Intermediary for the entrustment of acts listed in item (iii) or (v) of Article 28(8) (Definitions) of the Financial Instruments and Exchange Act; and

(d) Acts listed in Article 2(11)(iii) of the Financial Instruments and Exchange Act.

(v) Insurance companies prescribed in Article 2(2) (Definitions) of the Insurance Business Act (hereinafter referred to as “Insurance Companies”);

(v)-2 Small Amounts and Short Term Insurance Providers prescribed in Article 2(18) (Definitions) of the Insurance Business Act (hereinafter referred to as “Small Amounts and Short Term Insurance Providers”);

- (vi) Trust companies prescribed in Article 2(2) (Definitions) of the Trust Business Act (Act No. 154 of 2004) which exclusively engage in Trust Business, etc. (means Trust Business, etc. as prescribed in Article 1(1) (Authorization of Trust Business, etc.) of Act on Provision, etc. of Trust Business by Financial Institutions (Act No. 43 of 1943; hereinafter referred to as “Act on Trust Business by Financial Institutions”); the same shall apply hereinafter) (hereinafter referred to as “Companies Specialized in Trust Business”)
- (vii) Foreign companies which engage in Banking Business;
- (viii) Foreign companies which engage in Securities-Related Business (excluding those that fall under the category of companies specified in the preceding item);
- (ix) Foreign companies which engage in Insurance Business (means Insurance Business prescribed in Article 2(1) (Definitions) of the Insurance Business Act; the same shall apply hereinafter) (excluding those that fall under the category of companies specified in item (vii));
- (x) Foreign companies which engage in Trust Business (means Trust Business prescribed in Article 2(1) (Definitions) of the Trust Business Act; the same shall apply hereinafter) (excluding those that fall under the category of companies specified in item (vii));
- (xi) Companies which exclusively engage in Dependent Business or Finance-Related Business (limited, in case of those which engage in Dependent Business, to companies that engage in the Dependent Business mainly for business operated by the Bank, its Subsidiary Companies (limited to those that fall under any of the categories in item (i), (ii) and (vii); the same shall apply in paragraph (7)) or other entities specified by a Cabinet Office Ordinance as being similar to the Bank and its Subsidiary Companies, and in case of those which engage in Finance-Related Business and fall under any of the following business categories, to the cases specified in for the respective categories);
  - (a) Companies which conduct all of Specialized Securities-Related Business, Specialized Insurance-Related Business and Specialized Trust-Related Business: limited to the case where, with regard to voting rights of the company, the total voting rights held by the Bank’s Securities Subsidiary Companies, etc. exceeds the total voting rights held by the Bank and its Subsidiary Companies (excluding the Securities Subsidiary Companies, etc., Insurance Subsidiary Companies, etc. and Trust Subsidiary Companies, etc.), the total voting rights held by the Bank’s Insurance Subsidiary Companies, etc. exceeds the total voting rights held by the Bank and its Subsidiary Companies (excluding the Securities Subsidiary Companies, etc., Insurance Subsidiary Companies, etc. and Trust Subsidiary Companies, etc.), and the total voting rights held by the Bank’s Trust Subsidiary Companies, etc. exceeds the total voting rights held by the Bank and its Subsidiary Companies

(excluding the Securities Subsidiary Companies, etc., Insurance Subsidiary Companies, etc. and Trust Subsidiary Companies, etc.);

- (b) Companies which conduct both of Specialized Securities-Related Business and Specialized Insurance-Related Business (excluding those falling under the category listed in (a)): limited to the case where, with regard to voting rights of the company, the total voting rights held by the Bank's Securities Subsidiary Companies, etc. exceeds the total voting rights held by the Bank and its Subsidiary Companies (excluding the Securities Subsidiary Companies, etc. and Insurance Subsidiary Companies, etc.), and the total voting rights held by the Bank's Insurance Subsidiary Companies, etc. exceeds the total voting rights held by the Bank and its Subsidiary Companies (excluding the Securities Subsidiary Companies, etc. and Insurance Subsidiary Companies, etc.);
- (c) Companies which operate both of Specialized Securities-Related Business and Specialized Trust-Related Business (excluding those falling under the category listed in (a)): limited to the case where, with regard to voting rights of the company, the total voting rights held by the Bank's Securities Subsidiary Companies, etc. exceeds the total voting rights held by the Bank and its Subsidiary Companies (excluding the Securities Subsidiary Companies, etc. and Trust Subsidiary Companies, etc.), and the total voting rights held by the Bank's Trust Subsidiary Companies, etc. exceeds the total voting rights held by the Bank and its Subsidiary Companies (excluding the Securities Subsidiary Companies, etc. and Trust Subsidiary Companies, etc.);
- (d) Companies which conduct both of Specialized Insurance-Related Business and Specialized Trust-Related Business (excluding those falling under the category listed in (a)): limited to the case where, with regard to voting rights of the company, the total voting rights held by the Bank's Insurance Subsidiary Companies, etc. exceeds the total voting rights held by the Bank and its Subsidiary Companies (excluding the Insurance Subsidiary Companies, etc. and Trust Subsidiary Companies, etc.), and the total voting rights held by the Bank's Trust Subsidiary Companies, etc. exceeds the total voting rights held by the Bank and its Subsidiary Companies (excluding the Insurance Subsidiary Companies, etc. and Trust Subsidiary Companies, etc.);
- (e) Companies which conduct Specialized Securities-Related Business (excluding those falling under the category listed in (a), (b) and (c)): limited to the case where, with regard to voting rights of the company, the total voting rights held by the Bank's Securities Subsidiary Companies, etc. exceeds the total voting rights held by the Bank and its Subsidiary Companies (excluding the Securities Subsidiary Companies, etc.);
- (f) Company which conduct Specialized Insurance-Related Business (excluding those falling under the category listed in (a), (b) and (d)): limited to the case where, with regard to voting rights of the company, the total voting rights held by the Bank's Insurance Subsidiary Companies, etc. exceeds the total

- voting rights held by the Bank and its Subsidiary Companies (excluding the Insurance Subsidiary Companies, etc.); and
- (g) Companies which conduct Specialized Trust-Related Business (excluding those falling under the category listed in (a), (c) and (d)): limited to the case where, with regard to voting rights of the company, the total voting rights held by the Bank's Trust Subsidiary Companies, etc. exceeds the total voting rights held by the Bank and its Subsidiary Companies (excluding the Trust Subsidiary Companies, etc.)
  - (xii) Companies specified by a Cabinet Office Ordinance as those exploring new business fields (limited to the case where, with regard to voting rights of the company, the total voting rights held by the Bank and its Subsidiary Companies other than those falling under the categories listed in the preceding item and specified by a Cabinet Office Ordinance (such excluded companies shall be referred to as "Specified Subsidiary Companies" in paragraph (7) of the following Article) does not exceed the Voting Right Holding Threshold prescribed in Article 16-3(1)); and
  - (xiii) Among Holding Companies whose Subsidiary Companies consist exclusively of companies falling under any of the categories specified in the preceding items, those specified by a Cabinet Office Ordinance (including those which are scheduled to become such a Holding Company).
- (2) In the preceding paragraph, the meanings of the terms listed in the following items shall be as prescribed respectively in those items:
- (i) Dependent Business: Business specified by a Cabinet Office Ordinance as those being dependent on business of a Bank or a company falling under any of the categories specified in item (ii) to item (x) inclusive of the preceding paragraph;
  - (ii) Finance-Related Business: Business specified by a Cabinet Office Ordinance as those being incidental or related to Banking Business, Securities-Related Business, Insurance Business or Trust Business;
  - (iii) Specialized Securities-Related Business: Business specified by a Cabinet Office Ordinance as those being incidental or related exclusively to Securities-Related Business;
  - (iv) Specialized Insurance-Related Business: Business specified by a Cabinet Office Ordinance as those being incidental or related exclusively to Insurance Business;
  - (v) Specialized Trust-Related Business: Business specified by a Cabinet Office Ordinance as those being incidental or related exclusively to Trust Business;
  - (vi) A Securities Subsidiary Company, etc.: A Bank's Subsidiary Company which falls under any of the following categories:
    - (a) A Company Specialized in Securities Business, Company Specialized in Securities Intermediary Services or foreign company which engages in

Securities-Related Business;

- (b) A Holding Company which falls under the category listed in item (xiii) of the preceding paragraph and which has a Subsidiary Company that falls under the category listed in (a) above; and
  - (c) Any other company which is a Subsidiary Company of a Company Specialized in Securities Business or Specialized in Securities Intermediary Services that is a Subsidiary Company of that Bank, and is specified by a Cabinet Office Ordinance.
- (vii) An Insurance Subsidiary Company, etc.: A Bank's Subsidiary Company which falls under any of the following categories:
- (a) An Insurance Company, Small Amounts and Short Term Insurance Provider or foreign company which engages in Insurance Business;
  - (b) A Holding Company which falls under the category listed in item (xiii) of the preceding paragraph and which has a Subsidiary Company that falls under the category listed in (a) above; and
  - (c) Any other company which is a Subsidiary Company of an Insurance Company or Small Amounts and Short Term Insurance Provider that is a Subsidiary Company of that Bank, and is specified by a Cabinet Office Ordinance.
- (viii) A Trust Subsidiary Companies, etc.: A Bank's Subsidiary Company which falls under any of the following categories:
- (a) A Bank which engages in Trust Business, etc. under the authorization set forth in Article 1(1) (Authorization of Trust Business, etc.) of Act on Trust Business by Financial Institutions (hereinafter referred to as "Trust Bank");
  - (b) A Company Specialized in Trust Business or foreign company which engages in Trust Business;
  - (c) A Holding Company which falls under the category listed in item (xiii) of the preceding paragraph and which has a Subsidiary Company that falls under the category listed in (a) or (b) above; and
  - (d) Any other company which is a Subsidiary Company of a Trust Bank or Company Specialized in Trust Business that is a Subsidiary Company of that Bank, and is specified by a Cabinet Office Ordinance.
- (3) The provision of paragraph (1) shall not apply to the case where a company other than Companies Eligible for Subsidiary Companies became a Subsidiary Company of that Bank by acquisition of that company's Shares, etc. by that Bank or its Subsidiary Company through enforcement of security interest or by any other cause specified by a Cabinet Office Ordinance; provided, however, that that Bank shall take necessary measures for making the company, which became to its Subsidiary Company in a manner as described above, cease to be its Subsidiary Company by the day on which one year has elapsed from the date on which that cause arose.



- (4) A Bank shall, when it intends to make a Company Eligible for Subsidiary Company which falls under any of categories listed in items (i) to (xi) inclusive and (xiii) of paragraph (1) (excluding that which exclusively engages in Dependent Business (meaning Dependent Business defined in paragraph(2)(i); hereinafter the same shall apply in this paragraph and paragraph (7)) or business specified by a Cabinet Office Ordinance as that being incidental or related exclusively to Banking Business (in case of a company which engages in Dependent Business, limited to that engages in it mainly for business operated by the Bank); such a Company Eligible for Subsidiary Company shall be referred to as a “Bank, etc. Eligible for Subsidiary Company” in this Article and paragraph (4) item (i) of the following Article) become its Subsidiary Company, obtain authorization therefor from the Prime Minister in advance, except when an authorization for merger, company split or receiving transfer of business from other company is to be obtained pursuant to the provisions of paragraph (1) to (3) inclusive of Article 30 of this Act or Article 5(1) (Authorization) of Act on Financial Institutions' Merger and Conversion (Act No. 86 of 1968).
- (5) The provision of the preceding paragraph shall not apply to the cases where a Bank, etc. Eligible for Subsidiary Company became a Subsidiary Company of a Bank by acquisition of its Shares, etc. by the Bank or its Subsidiary Company through enforcement of security interest or by any other cause specified by a Cabinet Office Ordinance; provided, however, that the Bank shall take necessary measures for making the Bank, etc. Eligible for Subsidiary Company cease to be its Subsidiary Company by the day on which one year has elapsed from the date on which that cause arose, except when the Bank has obtained an authorization from the Prime Minister for having the Bank, etc. Eligible for Subsidiary Company, which became to its Subsidiary Company, continue to be its Subsidiary Company.
- (6) The provision of paragraph (4) shall apply mutatis mutandis to the cases where a Bank intends to change a company falling under any of the categories prescribed in each item of paragraph (1) as its Subsidiary Company into its Subsidiary Company falling under any of the categories prescribed in any other item of that paragraph (limited to a Bank, etc. Eligible for Subsidiary Company).
- (7) In the case referred to in paragraph (1)(xi) or paragraph (4), the Prime Minister shall provide for criteria for regarding a company as engaging in Dependent Business mainly for business operated by a Bank, its Subsidiary Companies or other entities specified by a Cabinet Office Ordinances as being similar to those or operated by a Bank.
- (8) With regard to application of the provisions of paragraph (1)(xi) in the case where the Bank is a Trust Bank, the term “the total voting rights held by the Bank’s Trust Subsidiary Companies, etc. exceeds the total voting rights held by the Bank and its Subsidiary Companies” in paragraph (1)(xi)(a), (c), (d) and (g) shall be

deemed to be replaced with “the total voting rights held by the Bank and its Trust Subsidiary Companies, etc. exceeds the total voting rights held by the Bank’s Subsidiary Companies.”

Article 16-3 (Restriction on Acquisition, etc. of Voting Rights by Bank, etc.)

- (1) A Bank or its Subsidiary Companies shall not acquire or hold voting rights of a domestic company (excluding companies falling under the category listed in paragraph (1), items (i) to (vi) inclusive, (xi) and (xiii) of the preceding Article); hereinafter the same shall apply in this Article) if the total number of such voting rights held by the Bank and/or Subsidiary Companies exceeds the Voting Right Holding Threshold (meaning the five hundredths of the number of Voting Rights Held by All of the Shareholders, etc. of the domestic company; the same shall apply in this Article).
- (2) The provision of the preceding paragraph shall not apply to the cases where a Bank and/or its Subsidiary Companies, through exercise of security rights or by any other cause specified by a Cabinet Office Ordinance, comes to acquire or hold voting rights of a domestic company if the total number of the voting right held by the Bank and/or its Subsidiary Companies exceeds the Voting Right Holding Threshold; provided, however, that the Bank and/or the Subsidiary Companies shall not continue to hold the part of the voting rights which it came to acquire or hold in excess of the Voting Right Holding Threshold after one year from the day on which it came to acquire or hold the voting rights, except when the Bank has in advance obtained approval for holding such portion of the voting rights from the Prime Minister.
- (3) In the case referred to in the proviso in the preceding paragraph, when the total number of voting rights acquired or held by the Bank and/or its Subsidiary Companies exceeds fifty hundredths of Voting Rights Held by All of the Shareholders, etc. of that domestic company, the Prime Minister’s approval given under that paragraph shall not cover the part of the voting rights which the Bank and/or its Subsidiary Companies came to acquire or hold in excess of fifty hundredths; and the approval of the Prime Minister shall be given on the condition that the Bank and/or the Subsidiary Companies will dispose of the part of the voting rights which it came to acquire or hold in excess of the Voting Right Holding Threshold promptly.
- (4) Notwithstanding the provision of paragraph (1), in the case listed in any of the following items, even if the total number of voting rights of a domestic company to be held by a Bank and/or its Subsidiary Companies on the day prescribed in the respective items exceeds the Voting Right Holding Threshold, the Bank and/or its Subsidiary Companies may hold the voting rights in excess of the Voting Right Holding Threshold after that day; provided, however, that the Prime Minister

shall not grant an authorization (or the license in the case of item (vi); the same shall apply in the following paragraph) referred to in the following items, if the total number of the domestic company's voting rights to be held by the Bank and/or the Subsidiary Companies in the case referred to in the respective items exceeds fifty hundredths of Voting Rights Held by All of the Shareholders, etc. of that domestic company :

(i) In the case where the Bank makes a Bank, etc. Eligible for Subsidiary Company become its Subsidiary Company under the authorization set forth in paragraph (4) of the preceding Article (limited to the cases specified by a Cabinet Office Ordinance): the day when the Bank, etc. Eligible for Subsidiary Company becomes the Bank's Subsidiary Company;

(ii) In the case where the Bank is established by the merger under the authorization set forth in Article 30(1) of this Act or Article 5(1) (Authorization) of Act on Financial Institutions' Merger and Conversion: the day when the Bank is established;

(iii) In the case where that Bank carries out a merger under the authorization set forth in Article 30(1) of this Act or Article 5(1) (Authorization) of Act on Financial Institutions' Merger and Conversion (limited to cases where the Bank survives after the Merger): the day when the Merger is carried out;

(iv) In the case where a company which has been established by Joint Incorporation-Type Split under the authorization set forth in Article 30(2) obtains a license under Article 4(1) and become a Bank: the day when the company obtains the license;

(v) In the case where that Bank succeeds any other party's business through absorption-type split under the authorization set forth in Article 30(2) (limited to the cases specified by a Cabinet Office Ordinance): the day when the absorption-type split is carried out; and

(vi) In the case where that Bank receives transfer of business under the authorization set forth in Article 30(3) (limited to the cases specified by a Cabinet Office Ordinance): the day when the transfer of the business is carried out.

(5) The Prime Minister's authorization set forth in each item of the preceding paragraph shall be given on the condition that, such part of the voting rights of the domestic company which will be held by the Bank and its Subsidiary Companies that will exceed the Voting Right Holding Threshold on the day specified in the respective items shall be disposed in accordance with requirements set by the Prime Minister and by the day on which five years has elapsed from the day.

(6) In the case where a Bank and/or its Subsidiary Companies come to hold voting rights of a domestic company of which the total number exceeds the Voting Right Holding Threshold, the part of the voting rights held by that Bank and/or its Subsidiary Companies in excess of the Voting Right Holding Threshold shall be

deemed to be acquired or held by that Bank.

- (7) In the cases referred to in the preceding paragraphs, with respect to acquisition or holding of voting rights of a company specified by a Cabinet Office Ordinance as that exploring new business fields, a Specified Subsidiary Company shall be deemed not to be a Subsidiary Company of the Bank.
- (8) The provision of Article 2(xi) shall apply mutatis mutandis to voting rights acquired or held by a Bank or its Subsidiary Company in the cases referred to in the preceding paragraphs.

### Chapter 3 Accounting

#### Article 17 (Business Year)

The Business Year of a Bank shall be from April 1 to March 31 of the following year.

#### Article 18 (Amounts of Capital Reserve and Retained Earnings Reserve)

Notwithstanding the provision of Article 445(4) (Amounts of Stated Capital and Amounts of Reserves) of the Companies Act, in the case where a Bank pays dividends from surplus, it shall record an amount equivalent to one fifth of the amount of the deduction from surplus as a result of the payment of such dividends of surplus, as capital reserves or retained earnings reserves pursuant to the provisions of a Cabinet Office Ordinance.

#### Article 19 (Business Report, etc.)

- (1) A Bank shall, for each Business Year, prepare an interim business report pertaining to the interim Business Year (meaning the period from April 1 through September 30 of the Business Year; the same shall apply hereinafter) of that Business Year and a business report pertaining to the entire Business Year that contain statements on the status of its business and property and submit them to the Prime Minister.
- (2) In the case where a Bank has a Subsidiary Company, etc., said Bank shall, for each Business Year, prepare an interim business report pertaining to the interim Business Year of the Business Year that contains consolidated statements on the status of business and property of that Bank and that Subsidiary Company, etc. and a business report pertaining to the entire Business Year that contains such consolidated statements, in addition to the reports set forth in the preceding paragraph, and submit them to the Prime Minister.
- (3) The matters to be stated in the reports set forth in the preceding two paragraphs, the due dates for submission and any other necessary matters regarding these reports shall be specified by a Cabinet Office Ordinance.

Article 20 (Public Notice. etc. of Balance Sheet, etc.)

- (1) A Bank shall, for each Business Year, prepare a balance sheet and profit and loss statement pertaining to the interim Business Year of the Business Year (hereinafter referred to as "Interim Balance Sheet, etc." in this Article) and those pertaining to the entire Business Year (hereinafter referred to as "Balance Sheets, etc." in this Article) pursuant to the provisions of a Cabinet Office Ordinance.
- (2) In the case where a Bank has a Subsidiary Company, etc., it shall, for each Business Year, prepare an Interim Balance Sheet and profit and loss statement pertaining to the interim Business Year of the Business Year that contains consolidated statements on the Bank and its Subsidiary Companies, etc. (hereinafter referred to as an "Interim Consolidated Balance Sheet, etc." in this Article) and balance sheet and profit and loss statement pertaining to the entire Business Year that contains such consolidated statements (hereinafter referred to as an "Consolidated Balance Sheets, etc." in this Article) pursuant to the provisions of a Cabinet Office Ordinance, in addition to the Interim Balance Sheets, etc. and the Balance Sheets, etc.
- (3) Interim Balance Sheet, etc., Balance Sheet, etc., Interim Consolidated Balance Sheet, etc. and Consolidated Balance Sheet, etc. may be prepared by electromagnetic record (meaning records produced by electronic forms, magnetic forms, or any other forms unrecognizable by human senses, which are for computer data-processing use as specified by a Cabinet Office Ordinance; the same shall apply hereinafter.).
- (4) A Bank shall give public notice of its Interim Balance Sheet, etc. and Interim Consolidated Balance Sheet, etc. within three months after the end of the relevant interim Business Year and of Balance Sheet, etc. and Consolidated Balance Sheet, etc. within three months after the end of the relevant Business Year, pursuant to the provisions of a Cabinet Office Ordinance; provided, however, that in the case where it is not possible to give public notice of these documents within the three months period due to an compelling reason, public notice thereof may be postponed by obtaining the Prime Minister's approval.
- (5) Notwithstanding the provision of the preceding paragraph, it would be sufficient for a Bank which adopts the Method of Public Notice (meaning the Method of Public Notice prescribed in Article 2(xxxiii)(Definitions) of the Companies Act; the same shall apply hereinafter) listed in Article 57(i) to give public notice only of the gist of Interim Balance Sheet, etc., Balance Sheet, etc., Interim Consolidated Balance Sheet, etc. and Consolidated Balance Sheet, etc. pursuant to the provisions of a Cabinet Office Ordinance. In this case, the proviso to the preceding paragraph shall apply mutatis mutandis to this case.
- (6) A Bank which gives public notice as prescribed in the preceding paragraph may,

pursuant to the provisions of a Cabinet Office Ordinance, take measures to make the information contained in Interim Balance Sheet, etc. and Interim Consolidated Balance Sheet, etc. within three months after the end of the relevant interim Business Year, and the information contained in Balance Sheet, etc. and Consolidated Balance Sheet, etc. within three months after the end of the relevant Business Year, accessible to many and unspecified persons continually for five years by the Electromagnetic Method (the method specified by a Cabinet Office Ordinance which uses electronic data processing system; the same shall apply hereinafter). In this case, the Bank shall be deemed to give public notice pursuant to the provision of paragraph (4).

Article 21 (Disclosure of Explanatory Documents on the Status of Business and Property for Public Inspection, etc.)

- (1) A Bank shall, for each Business Year, prepare explanatory documents that contain matters specified by a Cabinet Office Ordinance as those related to the status of its business and property for the interim Business Year of the Business Year and such explanatory documents for the entire Business Year, and keep them at its business offices (excluding unmanned business offices and other offices specified in a Cabinet Office Ordinance; the same shall apply in the following paragraph and paragraph (4)) and make them available for public inspection. The same shall apply to the documents prepared under the provisions of paragraph (1) of the preceding Article.
- (2) In the case where a Bank has a Subsidiary Company, etc., it shall, for each Business Year, prepare explanatory documents that contain consolidated statements on matters specified by a Cabinet Office Ordinance as those relating to the status of business and property of the Bank and the Subsidiary Company, etc. for the interim Business Year of the Business Year and such consolidated explanatory documents for the entire Business Year, and keep them at its business offices together with the documents prepared under the first sentence of the preceding paragraph and make them available for public inspection. The same shall apply to the documents prepared under the provisions of paragraph (1) and (2) of the preceding Article.
- (3) Explanatory documents for the interim Business Year and those for the entire Business Year prescribed in the first sentence of the paragraph (1) and the first sentence of the preceding paragraph may be prepared in the form of Electromagnetic Record.
- (4) When the explanatory documents for the interim Business Year and those for the entire Business Year prescribed in the first sentence of the paragraph (1) or documents prescribed in the second sentence of that paragraph are prepared in the form of Electromagnetic Record, the Bank may take measures specified by a

Cabinet Office Ordinance as those for making the information contained in Electromagnetic Record accessible to many and unspecified persons at its business offices. In this case, the Bank shall be deemed to keep the explanatory documents for the interim Business Year and those for the entire Business Year prescribed in the first sentence of the paragraph (1) or documents prescribed in the second sentence of that paragraph and make them available for public inspection, pursuant to the provision of that paragraph.

- (5) The provision of the preceding paragraph shall apply mutatis mutandis to the explanatory documents for the interim Business Year and those for the entire Business Year prescribed in the first sentence of the paragraph (2) or documents prescribed in the second sentence of that paragraph.
- (6) In addition to what are prescribed in the provisions of the preceding paragraphs, matters necessary for applying these provisions, including the periods of time for which documents in paragraph (1) or (2) are required to be made available for public inspection, shall be specified by a Cabinet Office Ordinance.
- (7) A Bank shall endeavor to disclose matters of reference for depositors or other customers to know the status of business and property of the Bank and its Subsidiary Companies, etc., in addition to matters prescribed in the provisions of the preceding paragraphs.

#### Article 22 (Matters to be Stated, etc. in Business Reports, etc.)

Matters to be stated or recorded in business reports and supplementary schedules thereof which a Bank is required to prepare under Article 435(2) (Preparation and Retention of Financial Statements, etc.) of the Companies Act shall be specified by a Cabinet Office Ordinance.

#### Article 23 (Inapplicability of Right of Shareholder, etc. to Inspect Account Books)

The provision of Article 433 (Request to Inspect Account Books) of the Companies Act shall not apply to account books of a Bank and materials relating thereto.

### Chapter 4 Supervision

#### Article 24 (Submission of Reports or Materials)

- (1) The Prime Minister may, when he/she finds it necessary for ensuring sound and appropriate management of the business of a Bank, require the Bank (including a Bank Agent for which said Bank serves as a Principal Bank) to submit reports or materials concerning the status of its business or property.
- (2) The Prime Minister may, when and to the extent that he/she finds it particularly necessary for ensuring sound and appropriate management of the business of a Bank, require a Subsidiary, etc. of said Bank (meaning a Subsidiary Company or

any other entity that is specified by a Cabinet Office Ordinance as a juridical person of which management is controlled by that Bank; the same shall apply in the following paragraph, paragraph (2) of the following Article and (5) and Article 47(2)) or a person to whom business has been entrusted by that Bank (excluding the Bank Agent set forth in the preceding paragraph; the same shall apply in the following paragraph and paragraph (2) of the following Article and (5)) to submit reports or materials that would be helpful to understand the status of the business or property of said Bank.

- (3) A Subsidiary, etc. of a Bank or a person to whom business has been entrusted by that Bank may refuse to submit reports or materials required under the preceding paragraph if there are justifiable grounds.

#### Article 25 (On-Site Inspection)

- (1) The Prime Minister may, when he/she finds it necessary for ensuring sound and appropriate management of the business of a Bank, have his/her officials enter a business office or any other facility of that Bank (including a Bank Agent for which said Bank serves as a Principal Bank), ask questions on the status of its business or property, or inspect relevant books and documents or other objects.
- (2) The Prime Minister may, when and to the extent that he/she finds it particularly necessary in the case of entering a site, asking questions or conducting an inspection under the preceding paragraph, have his/her officials enter a facility of a Subsidiary, etc. of the Bank or that of a person to whom business has been entrusted by that Bank, have them ask questions on matters that are necessary for questioning or inspecting the Bank, or have them inspect relevant books and documents or other objects.
- (3) In the cases referred to in the preceding two paragraphs, those officials shall carry a certificate for identification and produce it to those concerned when requested.
- (4) The authority under paragraphs (1) and (2) shall not be construed as that which has been granted for criminal investigation.
- (5) The provisions of paragraph (3) of the preceding Article shall apply *mutatis mutandis* to the questioning and inspection of a Subsidiary, etc. of that Bank or a person to whom business has been entrusted by that Bank under the provisions of paragraph (2).

#### Article 26 (Suspension, etc. of Business)

- (1) The Prime Minister may, when he/she finds it necessary for ensuring sound and appropriate management of the business of a Bank in light of the status of the business or property of that Bank or the property of that Bank and its Subsidiary Companies, etc., request that Bank to submit an improvement plan for ensuring



soundness in management of that Bank or order a change to the submitted improvement plan by designating the matters and the time limit for which measures should be taken, or, within the limit necessary, order suspension of the whole or part of the business of that Bank by setting a time limit or order deposit of property of that Bank or other measures necessary for the purpose of supervision.

- (2) An order under the preceding paragraph (including the request of submission of an improvement plan) that is given when it is found necessary in light of the adequacy of equity capital of a Bank or that of a Bank and its Subsidiary Companies, etc. shall be one of those that are specified by a Cabinet Office Ordinance and an Ordinance of the Ministry of Finance for the categories of the adequacy of equity capital of a Bank or a Bank and its Subsidiary Companies, etc. specified by a Cabinet Office Ordinance or a Ordinance of the Ministry of Finance, respectively.

#### Article 27 (Rescission, etc. of License)

The Prime Minister may, when a Bank has violated any laws and regulations, its articles of incorporation or a disposition by the Prime Minister based on any laws and regulations or has committed an act that harms the public interest, order said Bank to suspend the whole or part of its business or to dismiss its director, executive officer, accounting advisor, or company auditor, or rescind the license set forth in Article 4(1).

#### Article 28

The Prime Minister may, in the case where he/she has ordered a Bank to suspend the whole or part of its business pursuant to the provisions of the preceding two Articles, when he/she finds it necessary in light of the circumstances of such arrangement, rescind the license set forth in Article 4(1).

#### Article 29 (Retention of Assets Within Japan)

The Prime Minister may, when and to the extent that he/she finds it necessary for the protection of Depositors, etc. or otherwise necessary for public interest, order a Bank to retain such part of its assets as specified by a Cabinet Order, within Japan, pursuant to the provisions of the Cabinet Order.

### Chapter 5 Merger, Company Split or Transfer of Business

#### Article 30 (Authorization of Merger, Company Split or Transfer of Business)

- (1) Any merger involving a Bank or Banks as whole or a part of parties (limited to the case where the surviving company or the company established by the merger is

a Bank and excluding a merger under Article 3 (Merger) of the Act on Financial Institutions' Merger and Conversion; such a merger shall be hereinafter referred to as the "Merger" in this Chapter) shall not be effective without authorization of the Prime Minister.

- (2) No company split of which a Bank is party shall be effective without authorization of the Prime Minister, except for the cases specified by a Cabinet Order.
- (3) No transfer and acquisition of the whole or part of business of which a Bank is party shall be effective without authorization of the Prime Minister, except for the cases specified by a Cabinet Order.
- (4) Article 16 (Restriction on Acquisition of Others' Business, etc.) and other provisions related thereto of the Act on Prohibition of Private Monopolization and Maintenance of Fair Trade shall apply to the case where a Bank received the whole or part of business of a shinkin bank, credit cooperative or Labor Bank (including federations consisting of these juridical persons; hereinafter referred to as "Shinkin Bank, etc." in this Chapter), by deeming the Shinkin Bank, etc. as a company.

#### Article 31

When an application for the authorization set forth in the preceding Article is filed, the Prime Minister shall examine whether or not the following requirements are satisfied:

- (i) The Merger, company split or whole or partial transfer or acquisition of business for which authorization is sought under the preceding Article (hereinafter referred to as "the Merger, etc." in this Article.) must be appropriate in light of the necessity to secure smooth supply and demand of funds and convenience of the customers in the region where the Bank, etc. (meaning Bank, etc. defined in Article 4(5); the same shall apply hereinafter) or the Shinkin Bank, etc. which is a party to the Merger, etc. operate its business (in the case where only part of the business is succeeded through company split or only part of the business is transferred or received, limited to the region in which that part of business is operated);
- (ii) It is unlikely that the Merger, etc. will disturb the order of the financial system, including impeding fair competition among financial institutions; and
- (iii) It is fully expected that the Bank that files the application for the authorization set forth in the preceding Article or the Bank established by the Merger will conduct its business appropriately, fairly and efficiently after the Merger, etc.

#### Article 32 (Deemed License)

A company conducting the Banking Business established by Merger with the authorization set forth in Article 30(1) shall be deemed to have obtained, at the time of its establishment, a license from the Prime Minister under Article 4(1).

Article 33 (Notice for Objections of Creditors in Case of Merger)

Where a Bank passes a resolution for Merger, the notice required under the provisions of Articles 789(2), 799(2) or 810(2) (Objections of Creditors) of the Companies Act shall not be required to be given to Depositors, etc. or any other creditors specified by a Cabinet Order.

Article 33-2 (Notice for Objections of Creditors in Case of Company Split)

(1) Where a Bank passes a resolution for company split, the notice required under the provisions of Articles 789(2), 799(2) or 810(2) (Objections of Creditors) of the Companies Act shall not be required to be given to Depositors, etc. or any other creditors specified by a Cabinet Order.

(2) The provisions of Article 759(2) and (3) (Effectuation of Absorption-Type Company Split Which Cause Succession of Rights and Obligations by a Stock Company), Article 761(2) and (3) (Effectuation of Absorption-Type Company Split Which Cause Succession of Rights and Obligations by a Membership Company), Article 764 (2) and (3) (Effectuation of Incorporation-type Company Split by Which a Stock Company is Established) and Article 766 (2) and (3) (Effectuation of Incorporation-type Company Split by Which a Membership Company is Established) of the Companies Act shall not apply to Depositors, etc. or any other creditors specified by a Cabinet Order to which the notice for objection is not be required to be given under the preceding paragraph.

Article 34 (Notice for Objections of Creditors in Case of Transfer of Business)

(1) Where the shareholders meeting of a Bank passes a resolution for transferring the whole of its business or for acquiring the whole of the other's business (or, in the case where a Bank acquires the whole of the other's business not through the resolution required by Article 467(1) (Approvals of Assignment of Business) of the Companies Act pursuant to the provision of Article 468 (Cases where Approval of Assignment of Business is not Required) of that Act, where its board of directors passes a resolution for acquiring such business or its executive officers decide to acquire such business), the Bank shall, within two weeks from the day of the resolution or decision, make public notice, in the official gazette, of the gist of the resolution or the decision and to the effect that any creditors who have any objection to the transfer of the whole of its business or acquisition of the whole of the other's business ought to file an objection within a specified period of time, and shall give notice of the same separately to each known creditor other than

Depositors, etc. or any other creditors specified by a Cabinet Order, if any.

- (2) The period under the preceding paragraph cannot be less than one month.
- (3) Notwithstanding the provisions of paragraph (1), if a Bank, in addition to the public notice in the official gazette, gives public notice under that paragraph by using the method of public notice listed in each item of that Article, in accordance with the provisions of its articles of incorporation under the provision of Article 57 the Bank shall not be required to give separate notices under the provisions of that paragraph.
- (4) In cases where creditors do not raise any objections within the period under paragraph (1), such creditors shall be deemed to have approved such transfer of the whole of the Bank's business or receipt of the whole of the other party's business.
- (5) In cases where creditors raise objections within the period under paragraph (1), the Bank must make payment to such creditors or entrust equivalent property to a trust company or other financial institutions that conduct Trust Business, etc. for the purpose of providing equivalent security or assuring the payment to such creditors; provided, however, that this shall not apply if it is unlikely to be detrimental to such creditors by transfer or acquisition of the whole of that business.

#### Article 35

- (1) Where the shareholders meeting or board of directors of a Bank passes a resolution for transferring or acquiring of part the business involving Bank, or where the executive officers of a Bank decide to make such a transfer or acquisition, the Bank may, within two weeks from the day of the resolution or decision, make public notice, in the official gazette, of the gist of the resolution or the decision and to the effect that any creditors who have any objection to the transfer or acquisition of part of the business ought to file an objection within a specified period of time; provided, however, that the Bank shall give separate notice to each known creditor other than Depositors, etc. and other creditors specified by a Cabinet Order.
- (2) The period under the preceding paragraph cannot be less than one month.
- (3) The provisions of paragraph (3) to (5) inclusive of the preceding Article shall apply mutatis mutandis to objections of creditors pertaining to the public notice or notice under paragraph (1).

#### Article 36 (Company Split or Transfer of Business)

- (1) Where a Bank has the whole or part of its business succeeded by another party through company split, or transfers the whole or part of its business to another party, the company must give public notice to that effect without delay.

- (2) When a Bank gives public notice under the provision of the preceding paragraph by the method of public notice in Article 57(i), it shall be deemed that an instrument bearing a fixed date is served to the creditors of the Bank that makes such public notice under the provision of Article 467 (Defense of Obligor upon Assignment of Nominative Claim) of the Civil Code (Act No. 89 of 1896). In this case, the date of the public notice shall be deemed to be the fixed date.

## Chapter 6 Discontinuance of Banking Business and Dissolution

### Article 37 (Authorization of Discontinuance of Banking Business, Dissolution, etc.)

- (1) None of the following matters shall be effective without authorization of the Prime Minister:
- (i) A Resolution of the shareholders meeting that approves an amendment in the articles of incorporation relating to abolition of Banking Business
  - (ii) A Merger of which parties solely consist of Banks or include a Bank or Banks (excluding a Merger prescribed in Article 30(1) and a Merger that falls under Mergers prescribed in Article 3 (Merger) of the Act on Financial Institutions' Merger and Conversion); or
  - (iii) A Resolution of the shareholders meeting that approves dissolution of the Bank.
- (2) When an application for the authorization set forth in the preceding paragraph is filed, the Prime Minister shall examine whether or not any of the following requirements are satisfied:
- (i) That the abolition of Banking Business, Merger or dissolution must be inevitable in light of the status of business and property of said Bank; or
  - (ii) That the abolition of Banking Business, Merger or dissolution is unlikely to be detrimental to smooth supply and demand of funds and convenience of the customers in the region where said Bank conducts its business.
- (3) When an application for the authorization set forth in paragraph (1) is filed by a Bank that receives an order to suspend the whole or part of its business from the Prime Minister under the provision of Articles 26(1) or 27, the Prime Minister shall not grant the authorization set forth in paragraph (1). The same shall apply to the cases where an application for the authorization set forth in paragraph (1) is filed by a Bank for which the Prime Minister finds it necessary to make such an order or to rescind the license set forth in Article 4(1) under the provision of Article 27.

### Article 38 (Public Notice, etc. of Discontinuance of Banking Business, etc.)

Upon obtaining the authorization set forth in paragraph (1) of the preceding Article, the Bank shall immediately give public notice of that effect and details of the

matters for which the authorization is granted, and shall notify the same to Bank Agents for which said Bank has served as an Principal Bank and post a notice of the same in a place easily seen by the public at all of its business offices for a period of not less than one month, pursuant to the provision of a Cabinet Office Ordinance.

#### Article 39 (Effect of the Provision on Causes for Dissolution in the Articles of Incorporation)

Notwithstanding the provision of Article 471(i) and (ii) (Grounds for Dissolution) of the Companies Act, a Bank shall not dissolve by reason of any of the grounds provided in items (i) and (ii) of that Article.

#### Article 40 (Dissolution as a Result of Rescission of License)

A Bank shall dissolve when a license from the Prime Minister set forth in Article 4(1) is rescinded under the provisions of Articles 27 or 28.

#### Article 41 (Lapse of License)

When a Bank falls under any conditions specified in any of the following items, the license from the Prime Minister set forth in Article 4(1) shall lose its effect:

- (i) When the Bank has abolished all of its Banking Business;
- (ii) When the Bank has had all of its business succeeded by the other party through a company split or has transferred all of its business;
- (iii) When the Bank has dissolved (including the case where a court judgment nullifying the establishment, share transfer, Merger (limited to a Merger resulting in establishment of a Bank) or Incorporation-Type Split has become final and binding); or
- (iv) When the Bank failed to commence business within six months from the day of obtaining that license (excluding the case where there is a compelling reason and the approval of the Prime Minister has been obtained in advance).

#### Article 42 (Deemed Bank in the Case of Rescission of License)

Even in the case where a license from the Prime Minister set forth in Article 4(1) is rescinded under the provision of Articles 27 or 28 or where that license loses its effect pursuant to the provisions of the preceding Article, the company which was a Bank theretofore shall still be deemed to be a Bank with regard to application of the provisions of Articles 36, 38 and 46(1).

#### Article 43 (Transition into a Non-Banking Company, etc.)

- (1) Where a Bank falls under the condition prescribed in Article 41(i) and thereby the license from the Prime Minister set forth in Article 4(1) loses its effect, if the company which was a Bank theretofore still has any outstanding obligation,

including deposit or Installment Savings, the Prime Minister may, up until the day when the company completes performance of the obligation or the day on which ten years have elapsed from the date on which the license loses its effect, whichever comes earlier, order the company to make a deposit of property up to the total amount of the obligation, or give orders on disposition of the obligation or on management or investment of its assets necessary for protecting Depositors, etc., except the cases specified by a Cabinet Order.

- (2) The provision of the preceding paragraph shall apply mutatis mutandis to the cases where a company other than a Bank, etc. succeeds to any outstanding obligation of a Bank, including deposit or Installment Savings, through Merger or company split.
- (3) The provision of Article 24(1) and Article 25(1), (3) and (4) shall apply mutatis mutandis to a company to which the provisions of the preceding two paragraphs are applicable.

#### Article 44 (Appointment and Dismissal of Liquidator, etc.)

- (1) When a Bank dissolves by reason of rescission of the Prime Minister's license set forth in Article 4(1), the court shall appoint a liquidator in response to a request by the interested parties or the Prime Minister, or ex officio. The same shall apply to dismissal of the liquidator so appointed.
- (2) In addition to the cases referred to in the preceding paragraph, the court may dismiss a liquidator in response to a request by the interested parties or the Prime Minister, or ex officio. In this case, the court may appoint a new liquidator.
- (3) A person who has become subject to the ruling for the commencement of bankruptcy procedures and has not had restored his/her rights or a person who is treated the same as such a person under the laws and regulations of a foreign state may not be appointed as a liquidator of a Bank that goes into liquidation (referred to as "Liquidating Bank" in the following paragraph and paragraphs (3), (5), (7) and (8) of the following Article).
- (4) With regard to application of the provisions of Article 331(1)(iii) (Qualifications of Directors) of the Companies Act as applied mutatis mutandis pursuant to Article 478(6) (Assumption of Office of Liquidators) of that Act, the term "this Act" in that item shall be deemed to be replaced with "the Banking Act, this Act."

#### Article 45 (Supervision over Liquidation)

- (1) The liquidation of a Bank shall be subject to the supervision of the court.
- (2) The supervision of liquidation of a Bank shall be subject to the jurisdiction of the district court which has jurisdiction over the location of the Bank's head office.
- (3) The court may inspect the progress in the liquidation and the status of property of the Liquidating Bank, and may order the Liquidating Bank to make a deposit of

property and to take other necessary measures for supervision of the liquidation. In this case, the court may appoint a special inspector in order to have him/her carry out such inspection.

- (4) The provisions of the main clause of Article 871 (Reason of Decision), Article 872 (limited to the parts pertaining to item (i)) (Immediate Appeal), Article 875 (Exclusion from Application of the Act on Non-Contentious Cases Procedures Act) and Article 876 (Supreme Court Rules) of the Companies Act shall apply mutatis mutandis to orders given under the first sentence of the preceding paragraph, and Article 874 (limited to the parts pertaining to item (ii)) (Restriction on Appeal), Article 875 and Article 876 of the Companies Act shall apply mutatis mutandis to appointment of special inspector under the second sentence of the preceding paragraph.
- (5) In the case where the court has appointed a special inspector under the second sentence of paragraph (3), it may fix the amount of the remuneration that the Liquidating Bank shall pay to the special inspector.
- (6) The provisions of Article 870 (limited to the parts pertaining to item (ii)) (Hearing of Statement), Article 872 (limited to the parts pertaining to item (iv)) (Immediate Appeal), Article 875 (Exclusion from Application of the Act on Non-Contentious Cases Procedures Act) and Article 876 (Supreme Court Rules) of the Companies Act shall apply mutatis mutandis to the amount of the remuneration fixed under the preceding paragraph.
- (7) The liquidator of a Liquidating Bank shall notify the following matters to the court within two weeks from the day when he/she assumes the office of liquidator:
  - (i) Grounds for dissolution (or, in the case of a Liquidating Bank which falls under any of the cases provided in item (ii) and item (iii) of Article 475 (Causes of Commencement of Liquidation) of the Companies Act, to that effect) and the date of dissolution; and
  - (ii) Name and address of the liquidator.
- (8) When the liquidator of the Liquidating Bank obtains, under Article 492(3) (Preparation of Inventory of Property, etc.) of the Companies Act, the shareholders meeting's approval for the Inventory of Property referred to in that paragraph, he/she shall, without delay, provide the court with the Inventory of Property (or, in the case where the Inventory of Property is prepared by using electromagnetic records, a document that specifies the matters recorded in such electromagnetic records).

Article 46 (The Prime Minister's Opinion, etc. in the Liquidation Proceedings, etc.)

- (1) In liquidation proceedings, bankruptcy proceedings, rehabilitation proceedings, reorganization proceedings or recognition and assistance proceedings for a Bank, the court may request an opinion of, or inspection or investigation by, the Prime



Minister.

- (2) In the proceedings referred to in the preceding paragraph, the Prime Minister may state his/her opinion, if he/she finds it necessary.
- (3) The provisions of Article 25(1), (3) and (4) shall apply mutatis mutandis to cases where the Prime Minister receives a request for the inspection or investigation from the court under the provision of paragraph (1).

## Chapter 7 Branch Offices of Foreign Banks

### Article 47 (License, etc. for Foreign Banks)

- (1) When a person conducting Banking Business in a foreign state in accordance with the laws and regulations of the foreign state (excluding Banks, etc.; hereinafter referred to as a “Foreign Bank”) intends to conduct Banking Business in Japan, said Foreign Bank shall obtain a license from the Prime Minister as set forth in Article 4(1) by specifying a single branch office that will serve as the principal base of that Foreign Bank’s Banking Business in Japan (hereinafter referred to as the “Principal Branch Office of the Foreign Bank” in this Chapter), pursuant to the provisions of a Cabinet Office Ordinance.
- (2) When a Foreign Bank has obtained a license from the Prime Minister as set forth in Article 4(1) pursuant to the provisions of the preceding paragraph, the provisions of this Act shall apply by deeming the Principal Branch Office of the Foreign Bank and any other branch offices or other business offices of that Foreign Bank in Japan (hereinafter referred to as “Secondary Branch Offices of the Foreign Bank” in this Chapter) (hereinafter collectively referred to as the “Foreign Bank Branch” in this Chapter) as a single Bank and deeming that Foreign Bank’s representative person in Japan as a director of that Foreign Bank Branch that has been deemed as a single Bank; provided, however, that this shall exclude the application of provisions of Article 4-2, Article 5, Article 6, Article 7-2(4), Article 8, Article 13(2) and (4), Article 14(2), Chapter 2-2, Article 19(2), Article 20(2), Article 21(2), Article 22, Article 23, Article 24(2) and (3) (limited to the part of these provisions that pertains to Subsidiaries, etc.), Article 25(2) and (5) (limited to the part of these provisions that pertains to Subsidiaries, etc.), Article 30(1) and (2), Articles 32 to 33-2 inclusive, Article 36 (limited to the part that pertains to company split), Article 37(1)(ii) and (iii), Article 39, Article 40, Article 41(ii) (limited to the part that pertains to company split) and (iii), Article 43, Article 44, Chapter 7-2, Article 53(1) (excluding items (i), (v) and (viii)), (2), (3) and (5), Article 55(2) and (3), Article 56(v) to (ix) inclusive, Article 57 and Article 57-2(2).
- (3) Special provisions pertaining to a license from the Prime Minister set forth in Article 4(1) that is granted to a Foreign Bank, any technical replacement of terms in the case of applying the provisions of this Act to a Foreign Bank Branch and any

other necessary matters concerning application of the provisions of this Act to a Foreign Bank Branch shall be specified by a Cabinet Order.

Article 47-2 (Establishment, etc. of Secondary Branch Offices of Foreign Bank)

When a Foreign Bank Branch intends to establish a secondary office of the Foreign Bank, change the type thereof or abolish one, it shall obtain authorization therefor from the Prime Minister pursuant to the provisions of a Cabinet Office Ordinance, except the cases specified by the Cabinet Office Ordinance.

Article 48 (Submission, etc. of Materials by Foreign Bank Branch)

The Prime Minister may, when he/she finds it necessary for ensuring sound and appropriate management of the Foreign Bank Branch, require the Foreign Bank Branch (including a Bank Agent for which that Foreign Bank Branch serves as an Principal Bank) to submit reports or materials concerning the status of the business or property of the Foreign Bank to which the Foreign Bank Branch belongs (including a person who has a special relationship as specified by a Cabinet Order with that Foreign Bank).

Article 49 (Notification by Foreign Bank Branch)

(1) A Foreign Bank Branch shall, when the Foreign Bank to which that Foreign Bank Branch belongs falls under any of the following items, notify the Prime Minister to that effect pursuant to the provisions of a Cabinet Office Ordinance:

- (i) When the Foreign Bank has changed the amount of stated capital or contribution;
- (ii) When the Foreign Bank has changed its trade name or the location of the head office;
- (iii) When the Foreign Bank has become a party to a Merger, has had its business succeeded by any other party or succeeded to business of any other party through a company split or has transferred or acquired the whole or material part of its or any other party's business (excluding business pertaining only to that Foreign Bank Branch)
- (iv) When the Foreign Bank has dissolved (excluding dissolution resulting from a Merger) or abolished its Banking Business;
- (v) When the Foreign Bank's license pertaining to Banking Business (including permission, registration or any other administrative disposition similar to that license) has been rescinded;
- (vi) When a ruling of commencement of bankruptcy proceedings is given; or
- (vii) When the Foreign Bank falls under any other cases specified by a Cabinet Office Ordinance.

(2) A Foreign Bank Branch shall, when it falls under any of the following items,

notify the Prime Minister to that effect pursuant to the provisions of a Cabinet Office Ordinance:

- (i) When the Foreign Bank Branch intends to change the location of the Principal Branch Office of the Foreign Bank or a Secondary Branch Office of the Foreign Bank (excluding the cases specified by a Cabinet Office Ordinance);
- (ii) When the Foreign Bank Branch intends to change a Secondary Branch Office of the Foreign Bank (excluding a business office that is not a branch office; hereinafter the same shall apply in this item) into the Principal Branch Office of the Foreign Bank and change the Principal Branch Office of the Foreign Bank into a Secondary Branch Office of the Foreign Bank; or
- (iii) When the Foreign Bank Branch falls under any other case specified by a Cabinet Office Ordinance.

#### Article 49-2 (Method of Public Notice by Foreign Bank Branch)

- (1) A Foreign Bank Branch shall specify any of the following methods as its Method of Public Notice:
  - (i) Publication in a daily newspaper that publishes matters on current events; or
  - (ii) Electronic Public Notice (meaning Electronic Public Notice prescribed in Article 2(xxxiv) (Definitions) of the Companies Act; the same shall apply hereinafter).
- (2) The provisions of Article 940(3) (Period of Public Notice, etc. for Electronic Public Notice), Article 941 (Investigation of Electronic Public Notice), Article 946 (Obligation, etc. of Investigation), Article 947 (Cases Where Investigation of Electronic Public Notice May Not be Conducted), Article 951(2) (Keeping and Inspection, etc. of Financial Statements, etc.), Article 953 (Order for Improvement) and Article 955 (Entry, etc. in Investigation Record Books, etc.) of the Companies Act shall apply mutatis mutandis to cases where a Foreign Bank Branch gives public notice under the provisions of this Act or other Acts (excluding public notice under the provisions of the Companies Act) by way of Electronic Public Notice. In this case, the phrase “Preceding Two Paragraphs” in Article 940(3) of that Act shall be deemed to be replaced with “Article 57-2(1) of the Banking Act as applied by deeming the Foreign Bank Branch as a single Bank pursuant to the provisions of Article 47(2) of that Act” and any other necessary technical replacement of terms shall be specified by a Cabinet Order.

#### Article 50 (Lapse of License for Foreign Bank)

When a Foreign Bank Branch has given a notification under Article 49(1) due to falling under any of the categories set forth in Article 49(1)(iii) to (vi) inclusive (with regard to a notification pertaining to item (iii) of that paragraph, it shall be limited to a notification pertaining to a Merger resulting in extinction of the Foreign Bank to

which said Foreign Bank Branch belongs, a company split resulting in succession of all of the business pertaining to said Foreign Bank Branch, or transfer of all of the business, and with regard to a notification pertaining to item (iv) of that paragraph, it shall exclude a notification pertaining to partial abolition of the Banking Business), the license from the Prime Minister set forth in Article 4(1) for the Foreign Bank to which to the Foreign Bank Branch that has given that notification belongs shall lose its effect.

#### Article 51 (Liquidation of Foreign Bank Branch)

- (1) A Foreign Bank Branch shall, when it falls under any of the following items, liquidate all of its property in Japan:
  - (i) When the license from the Prime Minister set forth in Article 4(1) for the Foreign Bank to which said Foreign Bank Branch belongs has been rescinded pursuant to the provisions of Article 27 or Article 28; or
  - (ii) When the license from the Prime Minister set forth in Article 4(1) for the Foreign Bank to which that Foreign Bank Branch belongs has lost its effect pursuant to the provisions of Article 41(i) or the preceding Article.
- (2) When a Foreign Bank Branch carries out liquidation pursuant to the provisions of the preceding paragraph, the court shall appoint a liquidator by the request of an interested person or the Prime Minister or by the court's own authority. The same shall apply to dismissal of said liquidator.
- (3) The provisions of Article 476 (Capacity of Liquidating Stock Companies), Subsection 2 of Section 1 of Chapter 9 of Part II (Structures for Liquidating Stock Companies), Article 492 (Preparation of Inventory of Property) and Subsection 4 of that Section (Performance of Obligations) and Article 508 (Retention of Accounting Materials) of the Companies Act and the provisions of Section 2 of that Chapter (excluding Article 510, Article 511 and Article 514) (Special Liquidations) shall apply mutatis mutandis to liquidation of a Foreign Bank Branch's property in Japan as prescribed in paragraph (1) except for those that cannot be applied due to their nature.
- (4) The provisions of Article 820 (Resignation of Representative Person in Japan Who Is Domiciled in Japan) of the Companies Act shall not apply to a Foreign Bank that has obtained the license set forth in Article 4(1).
- (5) With regard to application of the provisions of Article 822(1) (Liquidation of Assets of Foreign Company in Japan) of the Companies Act to a Foreign Bank Branch, the term "Interested Person" in that paragraph shall be deemed to be replaced with "an Interested Person or the Prime Minister."

#### Article 52 (Notification, etc. of Establishment of Representative Office of Foreign Bank)

- (1) When a Foreign Bank (in the case where the Foreign Bank has a Foreign Bank Branch, that Foreign Bank Branch; hereinafter the same shall apply in this Article) intends to establish a representative office or any other facility in Japan in order to carry out any of the following businesses (including cases where the Foreign Bank intends to carry out that business at an office or other facility already established for another purpose), it shall notify the Prime Minister in advance about the contents of that business, the location of the facility where that business will be carried out, and other matters specified by a Cabinet Office Ordinance:
  - (i) Collection or provision of information concerning the business of the Bank; or
  - (ii) Any other business associated with the business of the Bank.
- (2) The Prime Minister may, when he/she finds it necessary for public interest, seek a Foreign Bank to submit reports or materials concerning the businesses listed in each item of the preceding paragraph to be carried out at the facility set forth in that paragraph.
- (3) When a Foreign Bank has abolished a facility set forth in paragraph (1) which it has established, when it has abolished any of the businesses listed in each item of that paragraph to be carried out at that facility, or when it has changed any other matters it has notified pursuant to the provisions of that paragraph, the Foreign Bank shall notify the Prime Minister to that effect without delay.

## Chapter 7-2 Shareholders

### Section 1 General Rules

Article 52-2 (Submission of Written Notice Pertaining to Holding of Voting Rights of Bank, etc.)

- (1) A person who holds voting rights that exceed five hundredths of the Voting Rights Held by All of the Shareholders of a single Bank or voting rights that exceed five hundredths of the Voting Rights Held by All of the Shareholders of a single Bank Holding Company (such person shall exclude the State, local public entity, or any juridical person specified by a Cabinet Order as one equivalent thereto (referred to as the “State, etc.” in Article 52-9)); hereinafter referred to as a “Major Holder of the Bank’s Voting Rights” in this Chapter and Chapter 9) shall, pursuant to the provisions of a Cabinet Office Ordinance, submit a written notice containing the following matters (hereinafter referred to as a “Written Notice of Holding the Bank’s Voting Rights” in this Chapter) to the Prime Minister within five days (Sundays and other holidays specified by a Cabinet Order shall not be included in the number of days; the same shall apply in paragraph (1) of the following Article) from the day on which he/she became a Major Holder of the Bank’s Voting Rights

(within the number of days specified by a Cabinet Office Ordinance in the case where the number of voting rights held has not increased or in any other case specified by the Cabinet Office Ordinance):

- (i) Matters concerning the Proportion of Voting Rights Held (meaning the proportion obtained by dividing the number of voting rights of the Bank or Bank Holding Company held by the Major Holder of the Bank's Voting Rights, where that Major Holder of the Bank's Voting Rights holds shares relating to more than five hundredths of the Voting Rights Held by All of the Shareholders, by the number of Voting Rights Held by All of the Shareholders of that Bank or Bank Holding Company; hereinafter the same shall apply in this Chapter), matters concerning funds for the acquisition, the purpose of holding the voting rights, and any other matters specified by a Cabinet Office Ordinance as important matters concerning the holding of voting rights of a Bank or Bank Holding Company;
  - (ii) The trade name or name and address;
  - (iii) In the case of a juridical person, the amount of its stated capital (including the total amount of contribution) and the name of its representative person; and
  - (iv) In the case where the person engages in business, the name and location of the business office and the type of the business.
- (2) The provisions of Article 2(11) shall apply mutatis mutandis to the voting rights held by the Major Holder of the Bank's Voting Rights in the case referred to in the preceding paragraph.

Article 52-3 (Submission of Change Report Concerning Written Notice of Holding the Bank's Voting Rights)

- (1) A Major Holder of the Bank's Voting Rights shall, in the case where any matters listed in each item of paragraph (1) of the preceding Article have been changed (in the case of a change in the Proportion of Voting Rights Held, it shall be limited to a case where the proportion has increased or decreased by one hundredth or more) after the day on which he/she became a holder of voting rights exceeding five hundredths of the Voting Rights Held by All of the Shareholders of a single Bank or voting rights that exceed five hundredths of the Voting Rights Held by All of the Shareholders of a single Bank Holding Company, he/she shall, pursuant to the provisions of a Cabinet Office Ordinance, submit a report pertaining to that change (hereinafter referred to as a "Change Report" in this Article and the following Article) to the Prime Minister within five days from that day (within the number of days specified by a Cabinet Office Ordinance in the case where the number of voting rights held has not increased or in any other case specified by the Cabinet Office Ordinance); provided, however, that this shall not apply to the case where a Change Report has already been submitted based on a decrease in the

Proportion of Voting Rights Held by one hundredth or more and the Proportion of Voting Rights Held stated in that Change Report is five hundredths or less, or to any other case specified by a Cabinet Office Ordinance.

- (2) A person submitting a Change Report based on a decrease in the Proportion of Voting Rights Held shall, in a case that satisfies the requirements specified by a Cabinet Order as the case where a large number of voting rights have been transferred within a short period, also state matters concerning the party to whom the voting rights were transferred and the consideration received in that Change Report, pursuant to the provisions of a Cabinet Office Ordinance.
- (3) When circumstances that compel a person to submit another Change Report have arisen by the day preceding the day of submission of a Written Notice of Holding the Bank's Voting Rights or a Change Report (hereinafter referred to as "Documents Required" in this Section), that Change Report shall be submitted to the Prime Minister at the same time as the submission of that Documents Required that have yet to be submitted, notwithstanding the provisions of the main clause of paragraph (1).
- (4) A person who has submitted Documents Required shall, when he/she finds that the contents stated in that Documents Required differ from the actual fact or that the statement of the matters to be stated or facts is insufficient or lacking in order to avoid misunderstanding, submit a correction report to the Prime Minister.
- (5) The provisions of Article 2(11) shall apply mutatis mutandis to the voting rights held by a Major Holder of the Bank's Voting Rights in the cases referred to in paragraphs (1) and (2).

#### Article 52-4 (Special Provisions on Written Notice of Holding Bank's Voting Rights)

- (1) Notwithstanding the provisions of Article 52-2(1), a Written Notice of Holding the Bank's Voting Rights pertaining to voting rights held by a Bank, Financial Instruments Business Operator (limited to one that conducts Securities-Related Business), trust company (limited to one that has obtained a license set forth in Article 3 or Article 53(1) of the Trust Act) or any other person specified by a Cabinet Office Ordinance who has notified the Prime Minister of a Reference Date, where the purpose of holding such voting rights is not for controlling the business activities of the Bank or Bank Holding Company that has issued the shares relating to that voting rights (excluding the case where the Proportion of Voting Rights Held has exceeded the number specified by a Cabinet Office Ordinance and any case specified by a Cabinet Office Ordinance by taking into consideration the manner in which they are held and other circumstances; hereinafter referred to as "Voting Rights Subject to Special Provisions" in this Article) shall be submitted to the Prime Minister stating matters that relate to the status of holding that voting rights as of the Reference Date on which the Proportion of Voting Rights Held

exceeded five hundredths for the first time and that are specified by a Cabinet Office Ordinance, by the fifteenth day of the month following the month containing said Reference Date, pursuant to the provisions of a Cabinet Office Ordinance.

(2) A Change Report pertaining to Voting Rights Subject to Special Provisions (excluding one pertaining to a change where that voting rights become those that are not Voting Rights Subject to Special Provisions) shall be submitted to the Prime Minister by the days respectively prescribed in the following items for the categories of cases listed in those items, pursuant to the provisions of a Cabinet Office Ordinance:

(i) A case where the Proportion of Voting Rights Held on a Reference Date that comes after the Reference Date pertaining to the Written Notice of Holding the Bank's Voting Rights set forth in the preceding paragraph increased or decreased by one hundredth or more from the Proportion of Voting Rights Held that was stated in that Written Notice of Holding the Bank's Voting Rights or any other case where there was an important change to matters specified by the Cabinet Office Order prescribed in that paragraph: The fifteenth day of the month following the month containing said later Reference Date;

(ii) A case where the circumstances came to satisfy the requirements specified by a Cabinet Office Ordinance for a case in which the Proportion of Voting Rights Held considerably increased or decreased by the last day of any month after the month containing the Reference Date pertaining to Written Notice of Holding the Bank's Voting Rights: The fifteenth day of the month following the month containing said last day;

(iii) A case where the Proportion of Voting Rights Held on a Reference Date that comes after the Reference Date pertaining to the Change Report increased or decreased by one hundredth or more from the Proportion of Voting Rights Held that was stated in that Change Report or any other case where there was an important change to matters specified by the Cabinet Office Order prescribed in the preceding paragraph: The fifteenth day of the month following the month containing that later Reference Date; and

(iv) A case specified by a Cabinet Office Ordinance as a case equivalent to any of the preceding three items: The day specified by the Cabinet Office Ordinance.

(3) The Reference Date set forth in the preceding two paragraphs means the last day of the month in which a person specified by the Cabinet Office Ordinance prescribed in paragraph (1) notified the Prime Minister pursuant to the provisions of the Cabinet Office Ordinance and that of every three months thereafter.

(4) The provisions of Article 2(11) shall apply mutatis mutandis to the Voting Rights Subject to Special Provisions held by a Major Holder of the Bank's Voting Rights in cases referred to in paragraphs (1) and (2).



#### Article 52-5 (Order to Submit Correction Report)

In the case where Documents Required have been submitted pursuant to the provisions of Article 52-2(1), Article 52-3(1) or (3) or paragraph (1) or (2) of the preceding Article, the Prime Minister may, when he/she finds that there is a deficiency in form in that Documents Required or that the statement of the important matters states insufficiently matters that should be stated in that Documents Required, order the person who has submitted that Documents Required to submit a correction report. In this case, a hearing shall be carried out irrespective of the categories of procedures for hearing statements under Article 13(1) (Procedures Prerequisite for Adverse Dispositions) of the Administrative Procedure Act (Act No. 88 of 1993).

#### Article 52-6

The Prime Minister may, when he/she has discovered that there is a false statement on important matters or a lack of statement of any important matters among the matters that should be stated or any facts necessary for avoiding misunderstanding in the Documents Required, order the person who has submitted that Documents Required, at any time, to submit a correction report. In this case, a hearing shall be carried out irrespective of the categories of procedures for hearing statements under Article 13(1) (Procedures Prerequisite for Adverse Dispositions) of the Administrative Procedure Act.

#### Article 52-7 (Submission of Reports or Materials by Major Holder of the Bank's Voting Rights)

The Prime Minister may, when he/she finds a possibility that there is a false statement with regard to an important matter or a lack of statement of any important matter among the matters that should be stated or any facts necessary for avoiding misunderstanding in the Documents Required, order the Major Holder of the Bank's Voting Rights who has submitted that Documents Required to submit reports or materials that would be helpful concerning the matters that should be stated in that Documents Required or facts necessary for avoiding misunderstanding.

#### Article 52-8 (On-Site Inspection of Major Holder of the Bank's Voting Rights)

(1) The Prime Minister may, when he/she finds a possibility that there is a false statement on important matters or a lack of statement of any important matters among the matters that should be stated or any facts necessary for avoiding misunderstanding in the Documents Required, have his/her officials enter an office or any other facility of the Major Holder of the Bank's Voting Rights who has submitted that Documents Required, ask questions concerning the matters that

should be stated in that Documents Required or facts necessary for avoiding misunderstanding, or inspect books and documents or other objects of that Major Holder of the Bank's Voting Rights.

- (2) In the case referred to in the preceding paragraph, that officials shall carry a certificate for identification and produce it to those concerned when requested.
- (3) The authority under paragraph (1) shall not be construed as one that has been granted for criminal investigation.

## Section 2 Special Provisions Pertaining to Major Shareholder of Bank)

### Subsection 1 General Rules

Article 52-9 (Authorization, to be Obtained by Major Shareholder of Bank, etc.)

- (1) A person who intends to become a holder of voting rights of a Bank which amounts to the Major Shareholder Threshold or more or a person who intends to establish a company or any other juridical person that is a holder of such voting rights of a Bank that is equal to or more than the Major Shareholder Threshold (excluding the State, etc., a company that intends to become a Holding company as prescribed in Article 52-17(1), the person prescribed in that paragraph, and a Bank Holding Company that intends to make the Bank its Subsidiary Company) through any of the following transactions or acts shall obtain authorization from the Prime Minister in advance:
  - (i) Acquisition of voting rights of the Bank by the person who intends to become the holder of such voting rights (excluding acquisition of shares as the result of enforcement of security interest or acquisition of voting rights by any other cause specified by a Cabinet Office Ordinance);
  - (ii) Acquisition of the license set forth in Article 4(1) by a company whose voting rights amounting to the Major Shareholder Threshold or more are held by the person who intends to become the holder of that voting rights; or
  - (iii) Any other transactions or acts specified by a Cabinet Order.
- (2) A person who became a holder of voting rights of a Bank which amounts to the Major Shareholder Threshold or more by a cause other than the transactions or acts listed in each item of the preceding paragraph (excluding the State, etc., a Bank Holding Company, and a Specified Holding Company prescribed in Article 52-17(2); hereinafter referred to as "Specified Major Shareholder" in this Article and Article 65) shall take necessary measures so that he/she becomes a person who is no longer a holder of voting rights of the Bank which amounts to the Major Shareholder Threshold or more by the day on which one year has elapsed from the end of the Business Year of that Bank including the date on which said cause arose (hereinafter referred to as the "Last Day of the Grace Period" in this paragraph

- and paragraph (4)); provided, however, that this shall not apply to the cases where that Specified Major Shareholder has obtained authorization from the Prime Minister to remain as a Holder of Voting Rights of a Bank which amounts to the Major Shareholder Threshold or more even after the Last Day of the Grace Period.
- (3) A Specified Major Shareholder shall, when he/she becomes a person who is no longer a holder of voting rights of a Bank which amounts to the Major Shareholder Threshold or more by a measure required under the preceding paragraph, notify the Prime Minister to that effect without delay. The same shall apply in the case where a Specified Major Shareholder becomes a person who is no longer a holder of voting rights of a Bank which amounts to the Major Shareholder Threshold or more without taking said measure.
- (4) The Prime Minister may order a person who became a holder of voting rights of a Bank which amounts to the Major Shareholder Threshold or more or a company or any other juridical person established as a holder of voting rights of a Bank which amounts to the Major Shareholder Threshold or more through any of the transactions or acts listed in each item of paragraph (1) without obtaining the authorization set forth in that paragraph or a person who remains as a holder of voting rights of a Bank which amounts to the Major Shareholder Threshold or more even after the Last Day of the Grace Period without obtaining the authorization set forth in the proviso to paragraph (2), to take necessary measures for becoming a person who is no longer a holder of voting rights of the Bank which amounts to the Major Shareholder Threshold or more.

#### Article 52-10

When an application for the authorization set forth in paragraph (1) of the preceding Article or the proviso to paragraph (2) of the preceding Article is filed, the Prime Minister shall examine whether the following requirements are satisfied:

- (i) In the case where the person who filed an application for that authorization (hereinafter referred to as the "Applicant" in this Article) is a company or any other juridical person or in the case where a company or any other juridical person is to be established under the authorization, the following requirements shall be satisfied:
- (a) In light of the matters concerning funds for the acquisition, the purpose of holding the voting rights, or any other matters concerning the holding of voting rights of the Bank which amounts to the Major Shareholder Threshold or more by that applicant or the company or any other juridical person to be established under the authorization (hereinafter referred to as the "Juridical Person Applicant, etc." in this item), there shall be no risk of impairment of sound and appropriate management of the business of the Bank for which that Juridical Person Applicant, etc. is or will become a holder of the voting rights

- which amounts to the Major Shareholder Threshold or more;
- (b) In light of the status of property and income and expenditure of the Juridical Person Applicant, etc. and its Subsidiary Companies (including any company that will become a Subsidiary Company), there shall be no risk of impairment of sound and appropriate management of the business of the Bank for which that Juridical Person Applicant, etc. is or will become a Holder of the Voting Rights which amounts to the Major Shareholder Threshold or more; and
  - (c) In light of such matters as its personnel structure, the Juridical Person Applicant, etc. has sufficient understanding of the public nature of the business of the Bank and has sufficient social credibility.
- (ii) In cases other than those listed in the preceding item, the following requirements shall be satisfied:
- (a) In light of the matters concerning funds for the acquisition, the purpose of holding the voting rights, or any other matters concerning the Holding of Voting Rights of the Bank which amounts to the Major Shareholder Threshold or more by that Applicant, there shall be no risk of impairment of sound and appropriate management of the business of the Bank for which that Applicant is or will become a holder of the voting rights which amounts to the Major Shareholder Threshold or more;
  - (b) In light of the status of property of that Applicant (including the status of income and expenditure in the case where that Applicant is a person engaging in business), there shall be no risk of impairment of sound and appropriate management of the business of the Bank for which that Applicant is or will become a holder of the voting rights which amounts to the Major Shareholder Threshold or more; and
  - (c) That Applicant has sufficient understanding of the public nature of the business of the Bank and has sufficient social credibility.

#### Subsection 2 Supervision

##### Article 52-11 (Submission of Reports or Materials by Major Shareholder of Bank)

The Prime Minister may, when and to the extent that he/she finds it particularly necessary for ensuring sound and appropriate management of the business of a Bank, seek a Major Shareholder of Bank who is a holder of voting rights of that Bank which amounts to the Major Shareholder Threshold or more to submit reports or materials that would be helpful concerning the status of the business or property of that Bank.

##### Article 52-12 (On-Site Inspection of Major Shareholder of Bank)

- (1) The Prime Minister may, when and to the extent that he/she finds it particularly necessary for ensuring sound and appropriate management of the business of a

Bank, have his/her officials enter an office or any other facility of a Major Shareholder of Bank who is a holder of voting rights of that Bank which amounts to the Major Shareholder Threshold or more, ask questions on the status of the business or property of that Bank or that Major Shareholder of the Bank, or inspect books and documents or other objects of that Major Shareholder of Bank.

(2) In the case referred to in the preceding paragraph, said officials shall carry a certificate for identification and produce it to those concerned when requested.

(3) The authority under paragraph (1) shall not be construed as one that has been granted for criminal investigation.

#### Article 52-13 (Order for Action toward Major Shareholder of Bank)

The Prime Minister may, when a Major Shareholder of Bank no longer satisfies the requirements listed in each item of Article 52-10 (in the case where conditions are imposed on the authorization set forth in Article 52-9(1) or the proviso to Article 52-9(2) pertaining to that Major Shareholder of Bank, based on the provisions of Article 54(1), such criteria shall include that conditions), order that Major Shareholder of Bank to take necessary measures for satisfying that requirements by designating the time limit for taking the measures.

#### Article 52-14 (Request, etc. for Submission of Improvement Plan by Major Shareholder of Bank)

(1) The Prime Minister may, when and to the extent that he/she finds it particularly necessary for ensuring sound and appropriate management of the business of a Bank in light of the status of business or property (in the case that the Major Shareholder of Bank is a company or any other juridical person, it shall include the status of property of Subsidiary Companies of that Major Shareholder of the Bank or any other companies that have a special relationship as specified by a Cabinet Office Ordinance with that Major Shareholder of Bank) of the Major Shareholder of Bank (limited to a person who holds more than five hundredths of the Voting Rights Held by All of the Shareholders of the Bank; hereinafter the same shall apply in this Article), request the Major Shareholder of Bank to submit an improvement plan for securing the soundness in management of the Bank or order amendment of the submitted improvement plan by designating matters for which measures should be taken and the time limit therefor, or may order, within the limit necessary, measures necessary for the purpose of supervision.

(2) Where the Prime Minister has given the Major Shareholder of Bank an order under the preceding paragraph, if he/she finds it necessary in light of the state of implementation of the measures under that order, he/she may order the Bank for which the Major Shareholder of the Bank holds more than five hundredths of the Voting Rights Held by All of its Shareholders to take measures necessary for

ensuring sound and appropriate management of the business of the Bank.

#### Article 52-15 (Rescission, etc. of Authorization Granted to Major Shareholder of Bank)

- (1) The Prime Minister may, when a Major Shareholder of Bank has violated any laws and regulations or a disposition given by the Prime Minister based on any laws and regulations or has committed an act that harms the public interest, order that Major Shareholder of the Bank to take necessary measures for the purpose of supervision, or rescind the authorization set forth in Article 52-9(1) or in the proviso to Article 52-9(2) for that Major Shareholder of the Bank. In this case, the authorization set forth in paragraph (1) of that Article that pertains to establishment shall be deemed to be granted to the Major Shareholder of the Bank which is the company or any other juridical person that has been established under the authorization.
- (2) A Major Shareholder of Bank shall, when authorization set forth in Article 52-9(1) or in the proviso to Article 52-9(2) has been rescinded pursuant to the provisions of the preceding paragraph, take necessary measures so that it will become a person who is no longer a holder of voting rights of the Bank which amounts to the Major Shareholder Threshold or more within a period designated by the Prime Minister.

### Subsection 3 Miscellaneous Provisions

#### Article 52-16 (Application of the Act to Foreign Major Shareholder of Bank)

Any special provisions and technical replacement of terms for applying this Act to a holder of voting rights of a Bank which amounts to the Major Shareholder Threshold or more that is a foreign national or a foreign juridical person (hereinafter referred to as a "Foreign Major Shareholder of a Bank" in this Article) and any other necessary matters concerning application of the provisions of this Act to Foreign Major Shareholder of a Bank shall be specified by a Cabinet Order.

### Section 3 Special Provisions on Bank Holding Companies

#### Subsection 1 General Rules

#### Article 52-17 (Authorization to be Obtained by Bank Holding Company, etc.)

- (1) A company which intends to become a Holding Company having a Bank as its Subsidiary Company, or a person who intends to establish such a Holding Company, through any of the following transactions or acts, shall obtain authorization from the Prime Minister in advance:

- (i) Acquisition of voting rights of the Bank by the company or its Subsidiary Companies (excluding acquisition of shares by enforcement of security interest or acquisition of voting rights by any other cause specified by a Cabinet Office Ordinance)
  - (ii) Acquisition of the license set forth in Article 4(1) by its Subsidiary Company; or
  - (iii) Any other transactions or acts specified by a Cabinet Order.
- (2) When a company becomes a Holding Company having a Bank as its Subsidiary Company by a cause other than the transactions or acts listed in each item of the preceding paragraph (hereinafter such a company is referred to as “Specified Holding Company”), it shall notify the Prime Minister of the fact that it has become a Holding Company having a Bank as its Subsidiary Company and of other matters specified by a Cabinet Office Ordinance within three months after the end of the relevant Business Year including the day on which said cause arose.
- (3) A Specified Holding Company shall take necessary measures for becoming a company which is no longer a Holding Company having a Bank as its Subsidiary Company by the day on which one year has elapsed from the end of the Business Year including the day on which the cause referred to in the preceding paragraph arose (hereinafter referred to as the “Last Day of the Grace Period” in this paragraph and paragraph (5)); provided, however, that this shall not apply to the cases where said Specified Holding Company has obtained authorization from the Prime Minister to remain as a Holding Company having a Bank as its Subsidiary Company even after the Last Day of the Grace Period.
- (4) A Specified Holding Company shall, when it becomes a company which is no longer a Holding Company having a Bank as its Subsidiary Company by the measures required under the preceding paragraph, notify the Prime Minister to that effect without delay. The same shall apply in the case where a Specified Holding Company becomes a company which is no longer a Holding Company having a Bank as its Subsidiary Company not as a result of such measures.
- (5) The Prime Minister may order a company which became a Holding Company having a Bank as its Subsidiary Company, or a person who established such a Holding Company, through any of the transactions or acts listed in each item of paragraph (1) without obtaining the authorization set forth in that paragraph, or a company which remains as a Holding Company having a Bank as its Subsidiary Company even after the Last Day of the Grace Period without obtaining the authorization set forth in the proviso to paragraph (3), to take necessary measures for becoming a company which is no longer a Holding Company having a Bank as its Subsidiary Company.

#### Article 52-18

- (1) When an application for the authorization set forth in paragraph (1) or in the

proviso to paragraph (3) of the preceding Article is filed, the Prime Minister shall examine whether the following requirements are satisfied:

- (i) The company which files an application for the authorization or which is to be established under the authorization (hereinafter referred to as the "Applicant, etc." in this Article) and its Subsidiary Companies (including companies scheduled to become its Subsidiary Companies; the same shall apply in the following item) must have good prospects for the balancing of income and expenditure;
  - (ii) The adequacy of equity capital of the Applicant, etc. and its Subsidiary Companies must be appropriate in light of the circumstances such as the assets owned by them; and
  - (iii) In light of such matters as its personnel structure, the Applicant, etc. shall have the knowledge and experience that will enable the Applicant, etc. to carry out the business management of its subsidiary Bank or a Bank intended to become its Subsidiary Company appropriately and fairly and must have sufficient social credibility.
- (2) A Bank Holding Company (excluding one established under the laws and regulations of a foreign state) shall be a stock company and shall have the following organs:
- (i) Board of directors;
  - (ii) Board of company auditors or committees; and
  - (iii) Accounting auditor.

Article 52-19 (Restriction of Concurrent Holding of Positions by Directors of Bank Holding Company, etc.)

- (1) A director engaging in the ordinary business of a Bank Holding Company (or executive officer, in the case of a Bank which is a company with committees) shall not engage in the ordinary business of any other company, except when he/she has obtained the Prime Minister's authorization.
- (2) Where an application for authorization referred to in the preceding paragraph is filed, the Prime Minister shall grant the authorization unless it is found that there is a risk of sound and appropriate management of the subsidiary Bank of the Bank Holding Company to be impaired by matters pertaining to the application.
- (3) A person who has become subject to the ruling of the commencement of bankruptcy proceedings and has not had restored his/her rights or a person who is treated the same as such a person under the laws and regulations of a foreign state may not be appointed as a director, executive officer or auditor of a Bank Holding Company.
- (4) The provisions of the proviso of Article 331(2) (Qualifications of Directors) (including the cases where it is applied mutatis mutandis pursuant to Article



335(1) (Qualifications of Company Auditors) of the Companies Act), Article 332 (2) (Directors' Terms of Office) (including the cases where it is applied mutatis mutandis pursuant to Article 334(1) (Accounting Advisors' Terms of Office)) of that Act), Article 336(2) (Company Auditors' Terms of Office) and the proviso of Article 402(5) (Election of Executive Officers) of the Companies Act shall not apply to a Bank Holding Company.

- (5) A Bank Holding Company may not become a member with unlimited liability, or member who executes the business, of a membership company.

Article 52-20 (Mutatis Mutandis Application of Provisions Concerning Major Shareholder of Bank)

The provision of Article 52-16 shall apply mutatis mutandis to a Holding Company which was established under the laws and regulations of a foreign state and has a Bank as its Subsidiary Company.

Subsection 2 Business and Subsidiary Company, etc.

Article 52-21 (Scope of Business of Bank Holding Company)

- (1) A Bank Holding Company may not conduct any business activity other than management and control of its subsidiary Bank and companies listed in each item of Article 52-23(1) and those incidental thereto.
- (2) A Bank Holding Company shall endeavor to ensure sound and appropriate management of its subsidiary Bank's business.

Article 52-22 (Granting of Credit, etc. to One Person Related to Bank Holding Company)

- (1) The total amount of Credit, etc. granted (meaning granted credit, or contributed funds specified by a Cabinet Order as a contribution; hereinafter the same shall apply in this Article) by a Bank Holding Company or its Subsidiary Companies, etc. (meaning Subsidiary Companies of the Bank Holding Company (excluding those specified by a Cabinet Office Ordinance) and other persons who have a special relationship with the Bank Holding Company specified by a Cabinet Order; hereinafter the same shall apply in this Article) to one person (including other persons who have a special relationship with said person as specified by a Cabinet Order; hereinafter the same shall apply in this Article) shall not exceed the amount calculated by multiplying the total net amount of the equity capital of the Bank Holding Company and its Subsidiary Companies by the ratio specified by a Cabinet Order for each category provided therein (hereinafter the amount thus calculated shall be referred to as the "Limit of Granting of Credit, etc. by Bank Holding Company" in this Article); provided, however, that this shall not apply to the cases where the total amount of Credit, etc. granted by a Bank Holding Company and its Subsidiary Companies to one person exceeds the Limit of

Granting of Credit, etc. by Bank Holding Company as a result of a Merger, Joint Incorporation-Type Split or absorption-type split involving said person, or of transfer of another person's business to said person, or by other unavoidable reasons specified by a Cabinet Order, and the Prime Minister has given approval for such excess amount of Credit, etc. granted by Bank Holding Company.

- (2) The provision of the preceding paragraph shall not apply to the granting of credit to the State or a local public entity, granting of credit for which redemption of the principal and payment of interest are guaranteed by the government, or any other granting of credit, etc. specified by a Cabinet Order as granting of credit equivalent thereto.
- (3) In the case referred to in paragraph (1), if the total amount of Credit, etc. granted to one person by the Bank Holding Company and its Subsidiary Companies, etc. exceeds the Limit of Granting of Credit, etc. by Bank Holding Company, the excess amount of the Credit, etc. granted shall be deemed to be Credit, etc. granted by the Bank Holding Company.
- (4) In addition to what is provided for in the preceding three paragraphs, the calculation method for the amount of Credit, etc. granted, the total net amount of the equity capital referred to in paragraph (1) and the Limit of Granting of Credit, etc. by the Bank Holding Company, and any other necessary matters concerning the application of these provisions shall be specified by a Cabinet Office Ordinance.

#### Article 52-23 (Scope of Bank Holding Company's Subsidiary Companies, etc.)

- (1) A Bank Holding Company shall not have any Subsidiary Company other than Banks and companies which falls under any of the categories specified in the following items (hereinafter, such companies shall be referred to as a "Company Eligible for Subsidiary Companies" in this Article):
  - (i) Long-Term Credit Banks;
  - (ii) Companies Specialized in Securities Business;
  - (iii) Companies Company Specialized in Securities Intermediary Services ;
  - (iv) Insurance Companies;
  - (iv)-2 Small Amounts and Short Term Insurance Providers;
  - (v) Companies Specialized in Trust Business;
  - (vi) Foreign companies which engage in Banking Business;
  - (vii) Foreign companies which engage in Securities-Related Business (excluding those that fall under the category of companies specified in the preceding item);
  - (viii) Foreign companies which engage in Insurance Business (excluding those that fall under the category of companies specified in item (vi));
  - (ix) Foreign companies which engage in Trust Business (excluding those that fall under the category of companies specified in item (vi));
  - (x) Companies which exclusively engage in the following business (limited, in case

of those engaging in the business specified in (a) below, to companies that engage in such business mainly for business conducted by the Bank Holding Company, its Subsidiary Companies (limited to Banks and companies that fall under any of the categories in item (i) and (vi); the same shall apply in paragraph (6)) or other entities specified by a Cabinet Office Ordinance as being similar to those);

- (a) Business specified by a Cabinet Office Ordinance as those being dependent on business of a Bank or a company falling under any of the categories specified in the preceding items (hereinafter referred to as “Dependent Business” in this Article); or
  - (b) Finance-Related Business defined by Article 16-2(2)(ii) (excluding specialized Securities-Related Business defined by Article 16-2(2)(iii) in the cases where the Bank Holding Company has any Company Specialized in Securities Business, Company Specialized in Securities Intermediary Services or foreign company which engages in Securities-Related Business as its Subsidiary Company; Specialized Insurance-Related Business defined by Article 16-2(2)(iv) in the cases where the Bank Holding Company has any Insurance Company, Small Amounts and Short Term Insurance Provider or foreign company which engages in Insurance Business as its Subsidiary Company; and Specialized Trust-Related Business defined by Article 16-2(2)(v) in the cases where the Bank Holding Company has any Trust Bank, company specialized in Trust Business or foreign company which engages in Trust Business as its Subsidiary Company).
  - (xi) Companies specified by a Cabinet Office Ordinance as those exploring new business fields (limited to those, among all voting rights of the company, the total voting rights held by the Bank Holding Company and its Subsidiary Companies other than those falling under the categories listed in the preceding item and specified by a Cabinet Office Ordinance (such excluded companies shall be referred to as “Specified Subsidiary Companies” in paragraph (7) of the following Article) does not exceed the Voting Right Holding Threshold prescribed in Article 52-24(1));
  - (xii) Among Holding Companies whose Subsidiary Companies consist exclusively of banks or companies falling under any of the categories specified in the preceding items, those specified by a Cabinet Office Ordinance (including those which are scheduled to become such a Holding Company).
- (2) The provision of the preceding paragraph shall not apply to the case where a company other than Companies Eligible for Subsidiary Companies became a Subsidiary Company of the Bank Holding Company by acquisition of that company’s shares by the Bank Holding Company or its Subsidiary Companies by the enforcement of security interest or by any other cause specified by a Cabinet

Office Ordinance; provided, however, that the Bank Holding Company shall take necessary measures for having the company, which became to its Subsidiary Company in a manner as described above, cease to be its Subsidiary Company by the day on which one year has elapsed from the date on which that cause arose.

(3) A Bank Holding Company shall, when it intends to have a Company Eligible for Subsidiary Company which is a Bank or which falls under any of the categories listed in items (i) to (x) inclusive and (xii) of paragraph (1) (excluding that which exclusively engages in Dependent Business or business specified by a Cabinet Office Ordinance as that being incidental or related exclusively to Banking Business (in the case of a company which engages in Dependent Business, limited to that engages in it mainly for business conducted by a subsidiary Bank of the Bank Holding Company))(hereinafter such a Company Eligible for Subsidiary Company shall be referred to as a “Bank, etc. Eligible for Subsidiary Company” in this Article and paragraph (4), item(iv) of the following Article) become its Subsidiary Company, obtain authorization from the Prime Minister in advance, except when an authorization for Merger, company split or acquiring business from other company is to be obtained pursuant to the provisions of paragraph (1) to (3) inclusive of Article 52-35.

(4) The provision of the preceding paragraph shall not apply to the cases where a Bank, etc. Eligible for Subsidiary Company became a Subsidiary Company of a Bank Holding Company by acquisition of its Shares, etc. by the Bank Holding Company or its Subsidiary Companies by the enforcement of security interest or by any other cause specified by a Cabinet Office Ordinance; provided, however, that the Bank Holding Company shall take necessary measures for having the Bank, etc. Eligible for Subsidiary Company, which became its Subsidiary Company in a manner as described above, cease to be its Subsidiary Company by the day on which one year has elapsed from the date on which that cause arose, except when the Bank Holding Company has obtained an authorization from the Prime Minister for having that Bank, etc. Eligible for Subsidiary Company continue to be its Subsidiary Company.

(5) The provision of paragraph (3) shall apply mutatis mutandis to the cases where a Bank Holding Company intends to change its Subsidiary Company falling under any of the categories listed in each item of paragraph (1) into its Subsidiary Company falling under any of the categories listed in the other items of that paragraph (limited to a Bank, etc. Eligible for Subsidiary Company).

(6) In the case referred to in paragraph (1)(x) or paragraph (3), the Prime Minister shall provide criteria for deciding whether a company shall be regarded as engaging in Dependent Business mainly for business conducted by a Bank Holding Company, its Subsidiary Companies or other entities specified by a Cabinet Office Ordinance as being similar to those or conducted by a Subsidiary Bank of a Bank

Holding Company.

Article 52-24 (Restriction on Acquisition, etc. of Voting Rights by Bank Holding Company, etc.)

- (1) A Bank Holding Company or its Subsidiary Company shall not acquire or hold voting rights of a domestic company (excluding a Bank and a company that falls under any of the categories specified in paragraph (1), items (i) to (v) inclusive, (x) and (xii) of the preceding Article; hereinafter the same shall apply in this Article) if the total number of such voting rights held by the Bank Holding Company and its Subsidiary Companies exceeds the Voting Right Holding Threshold (meaning fifteen hundredths of the number of Voting Rights Held by All of the Shareholders, etc. of the domestic company; the same shall apply in this Article).
- (2) The provision of the preceding paragraph shall not apply to the cases where the total number of such voting rights held by a Bank Holding Company and its Subsidiary Companies exceeds the Voting Right Holding Threshold of a domestic company, if the Bank Holding Company or its Subsidiary Company comes to acquire or hold voting rights of the domestic company by the enforcement of security interest or by any other cause specified by a Cabinet Office Ordinance; provided, however, that the Bank Holding Company or its Subsidiary Company shall not continue to hold such part of the voting rights that it came to acquire or hold in excess of the Voting Right Holding Threshold after one year from the day on which it came to acquire or hold the voting rights, except when the Bank has in advance obtained approval for holding such portion of the voting rights from the Prime Minister.
- (3) In the case referred to in the proviso to the preceding paragraph, when the total number of voting rights acquired or held by the Bank Holding Company and its Subsidiary Companies exceeds fifty hundredths of the Voting Rights Held by All of the Shareholders, etc. of the domestic company,, the Prime Minister's approval given under that paragraph shall not cover the part of the voting rights which the Bank or its Subsidiary Company came to acquire or hold in excess of fifty hundredths; and the approval of the Prime Minister shall be given on the condition that the Bank Holding company or its Subsidiary Company will promptly dispose the part of the voting rights which it came to acquire or hold in excess of the Voting Right Holding Threshold.
- (4) Notwithstanding the provision of paragraph (1), in the case prescribed in any of the following items, even if the total number of voting rights of a domestic company held or to be held by a Bank Holding Company and its Subsidiary Company on the day specified in those items exceeds the Voting Right Holding Threshold, the Bank Holding Company or its Subsidiary Company may hold the voting rights in excess of the Voting Right Holding Threshold after that day;

provided, however, that the Prime Minister shall not grant an authorization referred to in the respective items, if the total number of the domestic company's voting rights held or to be held by the Bank Holding Company and the Subsidiary Company in the case referred to in those items exceeds fifty hundredths of the Voting Rights Held by All of the Shareholders, etc. of that domestic company :

- (i) In the case where a company that has obtained the authorization set forth in Article 52-17(1) becomes the Bank Holding Company: the day when the company becomes the Bank Holding Company
  - (ii) In the case where the Bank Holding Company is established under the authorization set forth in Article 52-17(1): The day when the Bank Holding Company is established
  - (iii) In the case where a Specified Holding Company becomes the Bank Holding Company under the authorization set forth in the proviso to Article 52-17(3): The day when the authorization is granted
  - (iv) In the case where the Bank Holding Company has a Bank, etc. Eligible for Subsidiary Company become its Subsidiary Company under the authorization set forth in paragraph (3) of the preceding Article (limited to the cases specified by a Cabinet Office Ordinance): The day when the Bank, etc. Eligible for Subsidiary Company becomes the Bank Holding Company's Subsidiary Company
  - (v) In the case where the Bank Holding Company carries out a Merger under the authorization set forth in Article 52-35(1) (limited to cases where the Bank Holding Company survives after the Merger): The day when the Merger is carried out
  - (vi) In the case where the Bank Holding Company succeeds to another party's business through absorption-type split under the authorization set forth in Article 52-35(2) (limited to the cases specified by a Cabinet Office Ordinance): the day when the absorption-type split is carried out
  - (vii) In the case where the Bank Holding Company acquires other's business under the authorization set forth in Article 52-35(3) (limited to the cases specified by a Cabinet Office Ordinance): The day when the transfer is carried out
- (5) The Prime Minister's authorization set forth in those items of the preceding paragraph shall be given on the condition that, among the voting rights of the domestic company which are held or to be held by the Bank Holding Company and its Subsidiary Companies and of which the total number will exceed the Voting Right Holding Threshold on the day specified in those items, the part of the voting rights held or to be held in excess of the Voting Right Holding Threshold shall be disposed in accordance with requirements set by the Prime Minister and by the day on which five years have elapsed from the day.
- (6) In the case where a Bank Holding Company and its Subsidiary Companies come

to hold voting rights of a domestic company of which the total number exceeds the Voting Right Holding Threshold, the part of the voting rights held by the Bank Holding Company and its Subsidiary Companies in excess of the Voting Right Holding Threshold shall be deemed to be acquired or held by the Bank Holding Company.

- (7) In the cases referred to in the preceding paragraphs, with respect to acquisition or holding of voting rights of a company specified by a Cabinet Office Ordinance as that exploring new business fields, a Specified Subsidiary Company shall be deemed not to be a Subsidiary Company of the Bank Holding Company.
- (8) The provision of Article 2(xi) shall apply mutatis mutandis to voting rights acquired or held by a Bank Holding Company or its Subsidiary Company in the cases referred to in the preceding paragraphs.

#### Article 52-25 (Securing of Soundness in Management of Bank Holding Company's Subsidiary Bank)

The Prime Minister may, in order to contribute to the sound management of the business of Banks, set the criteria to be used by a Bank Holding Company for deciding whether or not the adequacy of equity capital of the Bank Holding Company and its Subsidiary Companies and any other company that has a special relationship specified by a Cabinet Office Ordinance with the Bank Holding Company (hereinafter referred to as "Subsidiaries, etc." in this Section) is appropriate in light of the circumstances such as the assets owned by that Bank Holding Company and its Subsidiaries, etc., and any other criteria that may be used by Bank Holding Companies to determine soundness in their and their Subsidiary Companies' management and would be helpful for determining soundness in management of Banks.

#### Subsection 3 Accounting

#### Article 52-26 (Business Year of Bank Holding Company)

The Business Year of a Bank Holding Company shall be from April 1 to March 31 of the following year.

#### Article 52-27 (Business Report, etc. of Bank Holding Company)

- (1) A Bank Holding Company shall, for each Business Year, prepare an interim business report pertaining to the interim Business Year of the Business Year that contains consolidated statements on the status of business and property of that Bank Holding Company and its Subsidiary Company, etc. and a business report pertaining to the entire Business Year that contains such consolidated statement, and submit them to the Prime Minister.

- (2) The matters to be stated in the interim business report and the business report, the due dates for submission and any other necessary matters regarding these reports shall be specified by a Cabinet Office Ordinance.

Article 52-28 (Public Notice, etc. of Balance Sheet, etc. of Bank Holding Company)

- (1) A Bank Holding Company shall, for each Business Year, prepare a balance sheet and profit and loss statement pertaining to the interim Business Year of the Business Year that contains consolidated statements on the Bank Holding Company and its Subsidiary Company, etc. (hereinafter referred to as an "Interim Consolidated Balance Sheet, etc." in this Article) and a balance sheet and profit and loss statement pertaining to the entire Business Year that contains such consolidated statements (hereinafter referred to as a "Consolidated Balance Sheets, etc." in this Article) pursuant to the provisions of a Cabinet Office Ordinance.
- (2) Interim Consolidated Balance Sheet, etc. and Consolidated Balance Sheet, etc. may be prepared in the form of electromagnetic record.
- (3) A Bank Holding Company shall give public notice of its Interim Consolidated Balance Sheet, etc. within three months after the end of the relevant interim Business Year, and of Consolidated Balance Sheet, etc. within three months after the end of the relevant Business Year, pursuant to the provisions of a Cabinet Office Ordinance; provided, however, that in the case where it is not possible to give public notice of these documents within the three months period due to a compelling reason, public notice thereof may be postponed by obtaining the Prime Minister's approval.
- (4) Notwithstanding the provision of the preceding paragraph, it would be sufficient for a Bank Holding Company which adopts the Method of Public Notice listed in Article 57(i) to give public notice of only the gist of Interim Consolidated Balance Sheet, etc. and Consolidated Balance Sheet, etc. pursuant to the provisions of a Cabinet Office Ordinance. The proviso to the preceding paragraph shall apply *mutatis mutandis* to this case.
- (5) A Bank Holding Company referred to in the preceding paragraph may, pursuant to the provisions of a Cabinet Office Ordinance, take measures to make accessible the information contained in Interim Consolidated Balance Sheet, etc. within three months after the end of the relevant interim Business Year, and the information contained in Consolidated Balance Sheet, etc. within three months after the end of the relevant Business Year, to many and unspecified persons continually for five years, by the electromagnetic method. In this case, the Bank shall be deemed to give public notice pursuant to the provision of paragraph (3).

Article 52-29 (Explanatory Documents on the Status of Business and Property to be



Made Available by Bank Holding Company for Public Inspection, etc.)

- (1) A Bank Holding Company shall, for each Business Year, prepare explanatory documents that contain consolidated statements on matters specified by a Cabinet Office Ordinance as those relating to the status of business and property of the Bank Holding Company and its Subsidiary Companies, etc. for the interim Business Year of the Business Year and such consolidated explanatory documents for the entire Business Year, and keep them at its subsidiary Bank's business offices (excluding unmanned business offices and other offices specified in a Cabinet Office Ordinance; the same shall apply in paragraph (3)) and make them available for public inspection. The same shall apply to the documents prepared under the provisions of paragraph (1) of the preceding Article.
- (2) Explanatory documents for the interim Business Year and those for the entire Business Year referred to in the first sentence of the preceding paragraph may be prepared in the form of electromagnetic record.
- (3) When the explanatory documents for the interim Business Year and those for the entire Business Year referred to in the first sentence of paragraph (1) or documents referred to in the second sentence of that paragraph are prepared in the form of electromagnetic record, the Bank Holding Company may take measures specified by a Cabinet Office Ordinance as those for making the information contained in the electromagnetic record accessible to many and unspecified persons at its subsidiary Bank's business offices. In this case, the Bank Holding Company shall be deemed to keep the explanatory documents for the interim Business Year and those for the entire Business Year referred to in the first sentence of paragraph (1) or documents referred to in the second sentence of that paragraph and make them available for public inspection, pursuant to the provision of that paragraph.
- (4) In addition to what are prescribed in the provisions of the preceding three paragraphs, matters necessary for applying these provisions, including the periods of time for which explanatory documents for the interim Business Year of the Business Year or those for the entire Business Year referred to in the first sentence of paragraph (1) and documents referred to in the second sentence of that paragraph are required to be made available for public inspection, shall be specified by a Cabinet Office Ordinance.
- (5) A Bank Holding Company shall endeavor to disclose matters that would be helpful for depositors or other customers of its subsidiary Bank to know the status of business and property of the Bank Holding Company and its Subsidiary Companies, etc., in addition to what are prescribed in the provisions of the preceding paragraphs.

Article 52-30 (Matters to Be Stated in Business Reports, etc. of Bank Holding

Company)

Matters to be stated or recorded in business reports and supplementary schedules thereof which a Bank Holding Company is required to prepare under Article 435(2) (Preparation and Retention of Financial Statements, etc.) of the Companies Act shall be specified by a Cabinet Office Ordinance.

#### Subsection 4 Supervision

Article 52-31 (Submission of Reports or Materials by Bank Holding Company, etc.)

- (1) The Prime Minister may, when he/she finds it necessary for ensuring sound and appropriate management of business of a Bank, seek its parent Bank Holding Company to submit reports or materials that would be helpful to understand the status of business or property of that Bank.
- (2) In the case where the Prime Minister seeks a Bank to submit reports or materials under the provision of Article 24(1) and seeks the Bank's parent Bank Holding Company to submit reports or materials under the provision of the preceding paragraph, the Prime Minister may, when and to the extent that he/she finds it particularly necessary, seek a Subsidiary, etc. of that Bank Holding Company (meaning a Subsidiary Company other than that Bank or any other entity that is specified by a Cabinet Office Ordinance as a juridical person of which management is controlled by that Bank Holding Company; the same shall apply in the following paragraph and paragraphs (2) and (5) of the following Article) or a person to whom business has been entrusted by that Bank Holding Company to submit reports or materials that would be helpful to understand the status of business or property of that Bank or Bank Holding Company.
- (3) A Subsidiary, etc. of a Bank Holding Company or a person to whom business has been entrusted by that Bank Holding Company may refuse to submit reports or materials required under the preceding paragraph if there are justifiable grounds.

Article 52-32 (On-Site Inspection of Bank Holding Company)

- (1) The Prime Minister may, when he/she finds it necessary for ensuring sound and appropriate management of business of a Bank, have his/her officials enter a business office or any other facility of the Bank's parent Bank Holding Company, ask questions on the status of business or property of the Bank or the Bank Holding Company, or inspect relevant books and documents or other objects of the Bank Holding Company.
- (2) In the case where the Prime Minister enters a site of a Bank, asks questions or conducts an inspection under Article 25(1) and also enters a site of the Bank's parent Bank Holding Company, asks questions or conducts an inspection under the preceding paragraph, the Prime Minister may, when and to the extent that

he/she finds it particularly necessary, have his/her officials enter a facility of a Subsidiary, etc. of the Bank Holding Company or that of a person to whom business has been entrusted by that Bank Holding Company, have them ask questions on matters that are necessary for questioning or inspecting the Bank or the Bank Holding Company, or have them inspect relevant books and documents or other objects of the Subsidiary, etc. or the person.

- (3) In the cases referred to in the preceding two paragraphs, those officials shall carry a certificate for identification and produce it to those concerned when requested.
- (4) The authority under paragraphs (1) and (2) shall not be construed as that which has been granted for criminal investigation.
- (5) The provisions of paragraph (3) of the preceding Article shall apply mutatis mutandis to the questioning and inspection of a Subsidiary, etc. of the Bank Holding Company or a person to whom business has been entrusted by that Bank Holding Company under the provisions of paragraph (2).

Article 52-33 (Request, etc. for Submission of Improvement Plan by Bank Holding Company)

- (1) The Prime Minister may, when he/she, in light of the status of business of a Bank Holding Company or the status of property of the Bank Holding Company and its Subsidiaries, etc., finds it particularly necessary for ensuring sound and appropriate management of a subsidiary Bank of the Bank Holding Company, request the Bank Holding Company to submit an improvement plan for securing soundness in management of the Bank or order amendment of the submitted improvement plan by designating matters for which measures should be taken and the time limit therefor, or may order, within the limit necessary, measures necessary for the purpose of supervision.
- (2) An order under the preceding paragraph (including the request of submission of an improvement plan; the same shall apply in the following paragraph) that is given when it is found necessary in light of the adequacy of equity capital of the Bank Holding Company and its Subsidiary Companies, etc. shall be one of those that are specified by a Cabinet Office Ordinance and an Ordinance of the Ministry of Finance for the categories of the adequacy of equity capital of the Bank Holding Company and its Subsidiary Companies, etc. specified by a Cabinet Office Ordinance and a Ordinance of the Ministry of Finance, respectively.
- (3) In the case where the Prime Minister gives an order under paragraph (1) to a Bank Holding Company, the Prime Minister may, if he/she finds it particularly necessary in light of the state of implementation of the measures under that order, order the Bank Holding Company's subsidiary Bank to take measures necessary for ensuring sound and appropriate management of its business.

Article 52-34 (Rescission, etc. of Authorization Granted to Bank Holding Company)

- (1) The Prime Minister may, if a Bank Holding Company has violated any laws and regulations, its articles of incorporation or a disposition given by the Prime Minister based on any laws and regulations or has committed an act that harms the public interest, order the Bank Holding Company to take necessary measures for the purpose of supervision, including dismissal of its director, executive officer, accounting advisor or company auditor, rescind the authorization set forth in Article 52-17(1) or the proviso to Article 52-17(3) granted to the Bank Holding Company, or order its subsidiary Bank to suspend the whole or part of its business. In this case, the authorization set forth in paragraph (1) of that Article that was granted for establishment of the Bank Holding Company shall be deemed to be granted to the Bank Holding Company established under the authorization.
- (2) When the authorization granted under Article 52-17(1) or the proviso to Article 52-17(3) is rescinded in accordance with the provisions of the preceding paragraph, the Bank Holding Company shall take necessary measures for becoming a company which is no longer a Holding Company having a Bank as its Subsidiary Company within a period designated by the Prime Minister.
- (3) In the case where the measures required under the preceding paragraph are taken, if the company that takes these measures still has voting rights of the Bank which amounts to the Major Shareholder Threshold or more, the provision of Article 52-9(2) shall apply by deeming the day on which these measures are taken as the date on which a cause referred to in that provision arose.
- (4) The Prime Minister may, if a Holding Company having a Bank as its Subsidiary Company falls under any of the categories provided for in the following items and if he/she finds it necessary, order the subsidiary Bank of that Holding Company to suspend the whole or part of its business:
  - (i) A Holding Company which became a Holding Company having a Bank as its Subsidiary Company through any of the transactions or acts listed in each item of Article 52-17(1) without authorization required by those provisions;
  - (ii) A Holding Company which was established as a Holding Company having a Bank as its Subsidiary Company without authorization required by Article 52-17(1);
  - (iii) A Holding Company which has a Bank as its Subsidiary Company without authorization referred to in the proviso to Article 52-17(3) after the Last Day of the Grace Period set forth in that paragraph; or
  - (iv) A Holding Company for which the authorization set forth in Article 52-17(1) or the proviso to Article 52-17(3) was rescinded under the provision of paragraph (1) and which has not taken measures required by paragraph (2) and has a Bank as its Subsidiary Company even after expiration of the period designated by the

Prime Minister under that paragraph.

#### Subsection 5 Miscellaneous Provisions

#### Article 52-35 (Authorization of Merger, Company Split or Transfer of Business Involving Bank Holding Company)

- (1) Any merger of which parties solely consist of Bank Holding Companies or include Bank Holding Companies (limited to the case where a company that was a Bank Holding Company before the merger survives as a Bank Holding Company after the merger) shall not be effective without authorization of the Prime Minister.
- (2) Any company split of which a Bank Holding Company is a party (limited to the case where the Bank Holding Company which had its business succeeded through the company split or the Bank Holding Company which succeeded to other's business through the company split continues to exist as a Bank Holding Company after the company split) shall not be effective without authorization of the Prime Minister, except for the cases specified by a Cabinet Order.
- (3) Any transfer of business where a Bank Holding Company transfers or acquires whole or part of its or other's business (limited to the case where the Bank Holding Company which transferred or acquired the business continues to exist as a Bank Holding Company even after the transfer or acquisition) shall not be effective without authorization of the Prime Minister, except for the cases specified by a Cabinet Order.
- (4) The provision of Article 52-18(1) shall apply when an application for the authorization set forth in the preceding three paragraphs is filed.

#### Chapter 7-3 Bank Agency Service

##### Section 1 General Rules

#### Article 52-36 (Permission)

- (1) Bank Agency Service may not be operated without permission from the Prime Minister.
- (2) A Bank Agent may not conduct Bank Agency Service unless it receives entrustment from an Principal Bank or receives sub-entrustment from a Bank Agent which receives entrustment from an Principal Bank.
- (3) A Bank Agent may not give sub-entrustment of Bank Agency Service to another party unless it obtains authorization in advance from the Principal Bank.

#### Article 52-37 (Application for Permission)

- (1) A person who intends to obtain the permission set forth in paragraph (1) of the

preceding Article (hereinafter referred to as an “Applicant” in paragraph (1) of the following Article and Article 52-42(1)) shall submit to the Prime Minister a written application containing the following matters.

- (i) Trade name or name;
  - (ii) In the case where the person is a juridical person, names of its officers,;
  - (iii) Name and location of business office(s) or other office(s);
  - (iv) Trade name of Principal Bank(s);
  - (v) In the case where the person also engages in businesses other than Bank Agency Service, type of these businesses; and
  - (vi) Other matters specified by a Cabinet Office Ordinance.
- (2) The following documents shall be attached to the application set forth in the preceding paragraph.
- (i) In the case where the Applicant is a juridical person, articles of incorporation and certificate of registered matters (or other documents equivalent thereto);
  - (ii) Documents that contain statements on matters specified by a Cabinet Office Ordinance as those relating to details and methods of Bank Agency Service; or
  - (iii) Other documents specified by a Cabinet Office Ordinance.

#### Article 52-38 (Requirements for Permission)

- (1) When an application for permission set forth in Article 52-36(1) is filed, the Prime Minister shall examine whether the following requirements are satisfied by the Applicant:
- (i) The Applicant must have a financial basis that satisfies the requirements specified by a Cabinet Office Ordinance as those found to be necessary for carrying out Bank Agency Service;
  - (ii) In light of such matters as personnel structure, the Applicant must have the ability necessary to carry out Bank Agency Service appropriately, fairly and efficiently and must have sufficient social credibility; and
  - (iii) Other business engaged in by the Applicant must not be found to have the risk of hindering the Applicant from carrying out Bank Agency Service appropriately and reliably.
- (2) The Prime Minister may, when and to the extent that he/she finds it necessary for the public interest in light of requirements for examination prescribed in the preceding paragraph, impose conditions about particulars of Bank Agency Service or other matters on the permission set forth in Article 52-36 (1) or change them.

#### Article 52-39 (Notification of Change)

- (1) In the case of any change in the matters listed in any of each item of Article 52-37(1), the Bank Agent shall notify the Prime Minister of the change within two weeks from the day when the change occurs.

(2) If a Bank Agent intends to change any matters stipulated in documents listed in Article 52-37(2)(ii), he/she shall notify such change to the Prime Minister in advance pursuant to the provisions of a Cabinet Office Ordinance.

#### Article 52-40 (Posting of Signs)

(1) A Bank Agent shall post a sign in the form specified by a Cabinet Office Ordinance in a place accessible to the public at each of its business offices or other offices.

(2) No person other than a Bank Agent shall post a sign prescribed in the preceding paragraph or a sign similar thereto.

#### Article 36-3 (Prohibition of Name Lending)

A Bank Agent shall not have another person engage in Bank Agency Service under the name of that Bank Agent.

### Section 2 Service

#### Article 52-42 (Scope of Service)

(1) A Bank Agent may, in addition to Bank Agency Service and services incidental to Bank Agency Service, engage in other businesses or services if it obtains the Prime Minister's approval therefor.

(2) When an application for the approval set forth in the preceding paragraph is filed, the Prime Minister may refuse to grant the approval, only if the business or service for which the application is filed is found to have the risk of hindering the Applicant from carrying out Bank Agency Service appropriately and reliably.

(3) A Bank Agent may not engage in business or service other than business or service conducted pursuant to the provisions of paragraph (1).

(4) When an application filed for permission set forth in Article 52-36(1) contains statements to the effect that the Applicant will engage in business or service other than Bank Agency Service and services incidental to Bank Agency Service, if that permission is granted to that Applicant, the Applicant shall be deemed to obtain the approval for said business in the paragraph (1) in that Article.

#### Article 52-43 (Separate Management)

A Bank Agent shall, when he/she receives money or other property from a customer in relation to the acts listed in any of each item of Article 2(14) (hereinafter referred to as "Act as Bank Agency" in this Chapter), manage the money or other property separately from its own property pursuant to the provision of a Cabinet Office Ordinance.

Article 52-44 (Explanation to Customers)

- (1) When carrying out an Act as Bank Agency, a Bank Agent shall disclose in advance the following matters to customers:
  - (i) Trade name of the Principal Bank;
  - (ii) Whether the Bank Agent is acting as an agent or is acting as an intermediary, for conclusion of contracts set forth in each item of Article 2(14); and
  - (iii) Other matters specified by a Cabinet Office Ordinance.
- (2) A Bank Agent shall, in order to contribute to the protection of Depositors, etc. with regard to the act listed in Article 2(14)(i) (excluding act of agency or intermediary for Contract for a Specified Deposit, etc.), provide information on the contents of contracts pertaining to the deposits or Installment Savings, etc. and other information that would be helpful for the Depositors, etc., pursuant to the provisions of a Cabinet Office Ordinance.
- (3) In addition to what is provided for in the preceding two paragraphs, Article 52-45-2 and other Acts, a Bank Agent shall, pursuant to the provisions of a Cabinet Office Ordinance, explain important matters pertaining to his/her Acts as Bank Agency to customers, appropriately handle customer information acquired in relation to his/her Acts as Bank Agency, and take any other measures for ensuring sound and appropriate management of its business.

Article 52-45 (Prohibited Acts Pertaining to Bank Agency Service)

A Bank Agent shall not carry out the following acts (excluding the acts specified in item (v) with regard to the act of agency or intermediary for Contract for a Specified Deposit, etc.) in relation to his/her Bank Agency Service:

- (i) Acts of providing false information to customers;
- (ii) Acts of, with respect to any uncertain matter, providing customers with any conclusive evaluations on the matter or information that is likely to mislead them into misunderstanding that the matter is a certain matter
- (iii) Acts of providing an agency service or intermediary service for conclusion of a contract on loan of funds or discounting of bills and notes to a customer on the condition that the customer carry out transactions pertaining to the business conducted by the Bank Agent or person having a close relationship specified by a Cabinet Office Ordinance with the Bank Agent including his/her Subsidiary Company (referred to as a "Closely Related Person" in the following item) (excluding such acts that are specified by a Cabinet Office Ordinance as those that have no risk of lacking customer protection)
- (iv) Act of providing an agency service or intermediary service for conclusion of a contract on loan of funds or discounting of bills and notes to a Closely Related Person with terms and conditions more favorable than the terms and conditions ordinary applied to transactions with the Principal Bank while knowing that



such favorable terms and conditions would give disadvantages to the Principal Bank compared to the ordinary terms and conditions of transactions of the Principal Bank (excluding acts that are specified by a Cabinet Office Ordinance as those that do not have the risk of impairing sound and appropriate execution of the business of the Principal Bank)

- (v) In addition to what is listed in the preceding items, acts specified by a Cabinet Office Ordinance as those that lack customer protection or have the risk of impairing sound and appropriate execution of the business of the Principal Bank

Article 52-45-2 (Application Mutatis Mutandis of Financial Instruments and Exchange Act Concerning Bank Agents)

The provisions of Subsection 1 of Section 2 of Chapter 3 of the Financial Instruments and Exchange Act (excluding Article 35 to 36-4 inclusive (Scope of Businesses of Persons Who Engage in Type I Financial Instruments Business or Investment Management Business, Scope of Subsidiary Businesses of Persons Who Only Engage in Type II Financial Instruments Business or Investment Advisory and Agency Business, Duty of Good Faith to Customers, Posting of Signs, Prohibition of Name Lending, Prohibition of Administration of Company Bonds), Article 37(1)(ii) (Regulation of Advertising, etc.), Article 37-2 (Obligation to Clarify Conditions of Transactions in Advance), Article 37-3(1)(ii) and (vi) and Article 37-3(3) (Delivery of Document prior to Conclusion of Contract), Article 37-5 (Delivery of Document Pertaining to Receipt of Security Deposit), Article 37-6(1) and (2), the proviso to Article 37-6 (4) and Article 37-6(5)(Cancellation by Means of Document), Article 38(i) and (ii) and Article 38-2 (Prohibited Acts), the proviso to Article 39(3) and Article 39(5) (Prohibition of Compensation of Loss, etc.), Article 40-2 (Best Execution Policy) and Article 40-3 (Prohibition of Sales and Purchase, etc. Where Separate Management Is not Ensured)) (General Rules) shall apply mutatis mutandis to agency or intermediary for conclusion of Contracts for Specified Deposits, etc. by a Bank Agency. In this case, the term “Financial Instruments Business” in these provisions shall be deemed to be replaced with “agency service or intermediary service for conclusion of Contracts for Specified Deposits, etc. as defined in Article 13-4 of the Banking Act,”; the term “Act of Financial Instruments Transaction” in these provisions shall be deemed to be replaced with “conclusion of Contracts for Specified Deposits, etc. as defined in Article 13-4 of the Banking Act,”; the term “Contract for Financial Instruments Transaction” in these provisions (excluding Article 37-6(3)) shall be deemed to be replaced with “Contract for a Specified Deposit, etc. as defined in Article 13-4 of the Banking Act,”; the terms “intends to conclude” in Article 37-3(1) shall be deemed to be replaced with “conducts agency service or intermediary service for conclusion of,”; the term “; provided” shall be deemed to be replaced with “and shall, in order to contribute to the protection of Depositors, etc.

(meaning Depositors, etc. as defined in Article 2(5) of the Banking Act; hereinafter the same shall apply in this paragraph), provide the customer in advance with information on the contents of the Contract for a Specified Deposit, etc. and other information that would be helpful for the Depositors, etc., pursuant to the provisions of a Cabinet Office Ordinance; provided"; the term "Financial Instruments Business Operator, etc." in Article 37-3(1)(i) of that Act shall be deemed to be replaced with "the Principal Bank (meaning an Principal Bank as defined in Article 2(16) of the Banking Act) for which the Bank Agent (meaning a Bank Agent as defined in Article 2(15) of the Banking Act) is acting,"; the terms "Where a Contract for Financial Instruments Transaction has been cancelled" and "the customer to pay damages or penalty for the cancellation of that Contract for Financial Instruments Transaction beyond the amount designated by a Cabinet Office Ordinance as the amount of fees, remuneration or any other Consideration payable by the customer with regard to that contract for financial instruments transaction (referred to as "Consideration" in the following paragraph) for the period until the cancellation of that Contract for Financial Instruments Transaction" in Article 37-6(3) of that Act shall be deemed to be replaced with "When he/she has paid money to a Bank as damages or otherwise for cancellation of a Contract for a Specified Deposit, etc. (meaning a Contract for a Specified Deposit, etc. as defined in Article 13-4 of the Banking Act; the same shall apply in Article 39) made" and "person who canceled the contract to pay money as damages or otherwise for the payment he/she has made to the Bank," respectively; the terms "sales and purchase or any other transaction of Securities (excluding sales and purchase on condition of repurchase for which the repurchase price is set in advance or other transactions designated by a Cabinet Order) or Derivative Transactions (hereinafter referred to as "Sales and Purchase or Other Transaction of Securities, etc." in this Article)," "the customer (in the case where a Trust Company, etc. (meaning a trust company or financial institution that has obtained authorization under Article 1(1) of the Act on Securities Investment Trust and Securities Investment Corporations; the same shall apply hereinafter) conducts sales and purchase of Securities or Derivative Transactions for the account of the person who sets a trust under a trust contract, including such person who sets the trust; hereinafter the same shall apply in this Article)," "Securities or Derivative Transactions (hereinafter referred to as "Securities, etc." in this Article)" and "make up" in Article 39(1)(i) shall be deemed to be replaced with "conclusion of a Contract for a Specified Deposit, etc.," "the customer," "Contract for a Specified Deposit, etc." and "make up, not through the Contract for a Specified Deposit, etc.," respectively; the terms "Sales and Purchase or Other Transaction of Securities, etc." and "Securities, etc." in Article 39(1)(ii) and (iii) shall be deemed to be replaced with "conclusion of a Contract for a Specified Deposit, etc." and "Contract for a Specified Deposit, etc.," respectively; the term "make an addition to the profit accrued to the

customer from such Securities, etc.” in Article 39(1)(ii) shall be deemed to be replaced with “make an addition to the profit accrued to the customer from the Contract for a Specified Deposit, etc., not through the Contract for a Specified Deposit, etc.”; the term “make an addition to the profit accrued to the customer from Such Securities, etc.” in Article 39(1)(iii) shall be deemed to be replaced with “make an addition to the profit accrued to the customer from the Contract for a Specified Deposit, etc., not through the Contract for a Specified Deposit, etc.”; the term “Sales and Purchase or Other Transaction of Securities, etc.” in Article 39(2) shall be deemed to be replaced with “conclusion of a Contract for a Specified Deposit, etc.”; the term “that is specified by a Cabinet Office Ordinance as a potential cause of a dispute” in Article 39(2) shall be deemed to be replaced with “that may become a cause of dispute,”; and any other necessary technical replacement of terms shall be specified by a Cabinet Order.

#### Article 52-46 (Holidays and Business Hours of Specified Bank Agent)

- (1) Holidays of a Specified Bank Agent (meaning a Bank Agent that conducts acts as Specified Bank Agency (meaning agency service for conclusion of a contract on acceptance of deposits specified by a Cabinet Office Ordinance; the same shall apply in the following Article); the same shall apply in the following paragraph and that Article) shall be limited to Sundays and any other days specified by a Cabinet Order.
- (2) Business hours of a Specified Bank Agent shall be specified by a Cabinet Office Ordinance by taking into consideration the circumstances such as the status of financial transactions.

#### Article 52-47 (Temporary Suspension of Business, etc.)

Except in cases specified by a Cabinet Office Ordinance, when a Specified Bank Agent, due to natural disasters or any other compelling reason, temporarily suspends whole or part of its business at its business office or other office where he/she provides its services involving acts of Specified Bank Agency, he/she shall immediately notify the Prime Minister to that effect with the reason thereof, as well as post to that effect at said business office or said other office. The same shall apply to the case where a Bank resumes whole or part of its business at the business office or the other office where he/she has temporarily suspended whole or part of its business.

#### Article 52-48 (Principal Bank’s Discontinuance of Banking Business, etc.)

When a Bank Agent receives notification set forth in Article 38 from his/her Principal Bank, the Specified Bank Agent, pursuant to the provision of a Cabinet Office Ordinance, shall post a notice of the same in a place easily seen by the public

at all of its business offices or other offices where he/she has provided its services for that Principal Bank, for a period of not less than one month.

### Section 3 Accounting

#### Article 52-49 (Books and Documents Pertaining to Bank Agency Service)

A Bank Agent shall prepare books and documents pertaining to his/her Bank Agency Service and retain them, pursuant to the provision of a Cabinet Office Ordinance.

#### Article 52-50 (Report on Bank Agency Service)

- (1) A Bank Agent shall, for each Business Year, prepare a report pertaining to his/her Bank Agency Service and submit it to the Prime Minister, pursuant to the provision of a Cabinet Office Ordinance.
- (2) The Prime Minister shall, pursuant to the provision of a Cabinet Office Ordinance, make the report pertaining to Bank Agency Service submitted under the preceding paragraph available for public inspection, except for matters of which disclosure is likely to divulge a secret of the Bank Agent's customer or bring undue disadvantage to the conduct of business by the Bank Agent.

#### Article 52-51 (Disclosure of Explanatory Documents, etc. of Principal Bank for Public Inspection)

- (1) A Bank Agent shall, for each Business Year of his/her Principal Bank or its parent Bank Holding Company, keep documents prepared by that Principal Bank under the provisions of Article 20(1) and (2) and Article 21(1) and (2) or documents prepared by said parent Bank Holding Company under the provisions of Article 52-28(1) and Article 52-29(1) at all of its business offices and other offices where he/she provides Bank Agency Service for that Principal Bank, and make them available for public inspection.
- (2) When the explanatory documents referred to in the preceding paragraph are prepared in the form of electromagnetic record, the Bank Agent may take measures specified by a Cabinet Office Ordinance as those for making the information contained in the explanatory documents accessible to many and unspecified persons by electromagnetic means at all of its business offices or other offices. In this case, the Bank Agent shall be deemed to make the explanatory documents available for public inspection, pursuant to the provision of that paragraph.
- (3) In addition to what are specified in the provisions of the preceding two paragraphs, matters necessary for applying paragraph (1), including the periods of time for which documents referred to in paragraph (1) are required to be made

available for public inspection, shall be specified by a Cabinet Office Ordinance.

#### Section 4 Supervision

##### Article 52-52 (Notification of Discontinuance of Bank Agency Service, etc.)

When a Bank Agent comes to fall under any of the conditions mentioned in the following items, the person referred to in that item shall notify the Prime Minister to that effect within thirty days from the day on which the Bank Agent comes to fall under the conditions mentioned in that item.

- (i) When a Bank Agent abolishes its Bank Agency Services, has the whole of its Bank Agency Services succeeded through company split, or transfers the whole of its Bank Agency Services: The individual or juridical person who abolishes the Bank Agency Services, has the Bank Agency Services succeeded, or transfers the Bank Agency Services;
- (ii) When an individual who is a Bank Agent dies: His/her heir;
- (iii) When a juridical person which is a Bank Agent is extinguished by Merger: A person who was an officer representing the juridical person;
- (iv) When a juridical person which is a Bank Agent is dissolved by a ruling for commencement of bankruptcy proceedings: The bankruptcy trustee;
- (v) When a juridical person which is a Bank Agent is dissolved by a reason other than a Merger or a ruling for commencement of bankruptcy proceedings: The liquidator.

##### Article 24 (Submission of Reports or Materials by Bank Agent)

The Prime Minister may, when he/she finds it necessary for ensuring sound and appropriate management of the Bank Agency Service by a Bank Agent, require the Bank Agent to submit reports or materials concerning the status of his/her business or property.

##### Article 52-54 (On-Site Inspection of Bank Agent)

- (1) The Prime Minister may, when he/she finds it necessary for ensuring sound and appropriate management of the Bank Agency Service by a Bank Agent, have his/her officials enter a business office, other office or any other facility of the Bank Agent, ask questions on the status of business or property of the Bank Agent, or inspect relevant books and documents or other objects of the Bank Agent.
- (2) In the cases referred to in the preceding paragraph, those officials shall carry a certificate for identification and produce it to those concerned when requested.
- (3) The authority under paragraph (1) shall not be construed as that which has been granted for criminal investigation.

Article 52-55 (Order for Improvement of Business Operation, etc.)

The Prime Minister may, when and to the extent he/she finds it necessary for ensuring sound and appropriate management of the Bank Agency Service by a Bank Agent in light of the status of the business or property of that Bank Agent, order that Bank to change particulars or methods of its business operation or other measures necessary for the purpose of supervision.

Article 52-56 (Disposition Which May be Rendered to a Bank Agent for the Purpose of Supervision)

- (1) The Prime Minister may, when a Bank Agent falls under any of the conditions mentioned in the following items, rescind the permission granted to the Bank Agent under Article 52-36(1) or order the Bank Agent to suspend the whole or part of its Bank Agency Service by setting a time limit:
  - (i) When the Bank Agent comes not to satisfy the requirements mentioned in each item of Article 52-38(1);
  - (ii) When it is found that the Bank Agent has obtained the permission set forth in Article 52-36(1) by wrongful means;
  - (iii) When the Bank Agent has violated the conditions imposed on the permission set forth in Article 52-36(1);
  - (iv) When the Bank Agent has violated any laws and regulations or a disposition by the Prime Minister imposed based on any laws and regulations; or
  - (v) When the Bank Agent has committed an act that harms the public interest.
- (2) The Prime Minister may, when any officer of a Bank Agent comes to fall under any of the conditions mentioned in items (iii) to (v) inclusive of the preceding paragraph, order the Bank Agent to dismiss the officer.

Article 52-57 (Lapse of Permission)

When a Bank Agent falls under any conditions mentioned in the following items, the permission granted to him/her under Article 52-36(1) shall lose its effect:

- (i) When the Bank Agent comes to fall under any of the conditions mentioned in each item of Article 52-52;
- (ii) When the Bank Agent comes to have no Principal Bank; or
- (iii) When the Bank Agent failed to commence Bank Agency Service within six months from the day of obtaining said permission (excluding the case where there is an unavoidable reason and the approval of the Prime Minister has been obtained in advance).

Section 5 Principal Bank, etc.

Article 52-58 (Guidance to Bank Agent, etc.)

- (1) An Principal Bank shall, with regard to Bank Agency Service operated by its Bank Agent, give guidance on business operations pertaining to his/her Bank Agency Service and take any other measures for ensuring sound and appropriate management, pursuant to the provisions of a Cabinet Office Ordinance
- (2) An Principal Bank Agent (meaning a Bank Agent who gives sub-entrustment of Bank Agency Service to another Bank Agent; the same shall apply hereinafter) shall, with regard to Bank Agency Services conducted by the Bank Sub-Agent (meaning a Bank Agent who conducts Bank Agency Service by receiving sub-entrustment of Bank Agency Service from another Bank Agent; the same shall apply hereinafter), give guidance on business operations pertaining to the Bank Sub-Agent's Bank Agency Services and take any other measures for ensuring sound and appropriate management thereof, pursuant to the provisions of a Cabinet Office Ordinance

Article 52-59 (Liability for Damages of Principal Bank, etc.)

- (1) An Principal Bank shall be liable to compensate for any damage that its Bank Agent causes to his/her customer in relation to his/her Bank Agency Service.
- (2) The provision of the preceding paragraph shall not apply in the following cases:
  - (i) Regarding Bank Agency Service provided by a Bank Agent who has acted under entrustment from the Principal Bank, in the case where the Principal Bank exercised reasonable care in giving entrustment to the Bank Agent and made efforts to prevent the occurrence of the damage incurred by the customer in relation to the Bank Agency Service provided by the Bank Agent; or
  - (ii) Regarding Bank Agency Service provided by an Bank Sub-Agent, in the case where the Principal Bank exercised reasonable care in granting authorization for sub-entrustment to the Bank Sub-Agent and made efforts to prevent the occurrence of the damage incurred by the customer in relation to the Bank Agency Service provided by the Bank Sub-Agent.
- (3) The Principal Bank Agent shall be liable to compensate for any damage that his/her Bank Sub-Agent causes to his/her customer through his/her Bank Agency Service; provided, however, that this shall not apply in the case where the Principal Bank Agent exercised reasonable care in giving sub-entrustment to the Bank Sub-Agent and made efforts to prevent the occurrence of the damage incurred by the customer in relation to the Bank Agency Service provided by the Bank Sub-Agent.
- (4) The provision of paragraph (1) shall not preclude the Principal Bank from exercising its right to obtain reimbursement from the Bank Agent, and the provision of the preceding paragraph shall not preclude the Principal Bank Agent from exercising his/her right to obtain reimbursement from the Entrusted Bank Sub-Agent

- (5) The provision of Article 724 (Restriction of Period of Right to Demand Compensation for Damages in Tort) of the Civil Code shall apply to claims under paragraph (1) and paragraph (3).

#### Article 52-60 (Bank Agent Registry)

- (1) An Principal Bank shall, pursuant to the provisions of Cabinet Office Ordinance, keep the registry of Bank Agents pertaining to it at its business offices (excluding unmanned business offices and other offices specified by a Cabinet Office Ordinance).
- (2) Depositors, etc. or other interested persons may demand inspection of the registry set forth in the preceding paragraph, when necessary.

### Section 6 Miscellaneous Provisions

#### Article 52-61 (Exclusion from Application)

- (1) Notwithstanding the provision of Article 52-36(1), a Bank, etc. (meaning a Bank or other person who engages in financial business and is specified by a Cabinet Order; hereinafter the same shall apply in this Article) may operate Bank Agency Service.
- (2) In the case where a Bank, etc. conducts Bank Agency Service under the preceding paragraph, the provisions of Article 13-2, Article 24, Article 25, Article 38, Article 48, Article 52-36(2) and (3), Article 52-39 to Article 52-41 inclusive, Article 52-43 to Article 52-56 inclusive, the preceding three Articles, paragraph (4) of the following Article, Article 56 (limited to the parts pertaining to item (xi)) and Article 57-7(2), and the provisions of Chapter 9 pertaining to these provisions shall apply to the Bank, etc. by deeming the Bank, etc. as a Bank Agent. In this case, the terms “any of the conditions mentioned in the following items” and “rescind the permission granted to the Bank Agent under Article 52-36(1) or order the Bank Agent to suspend the whole or” in Article 52-56(1) shall be deemed to be replaced with “the conditions mentioned in item (iv) or (v)” and “order the Bank Agent to suspend the whole or,” respectively, and any other necessary technical replacement of terms shall be specified by a Cabinet Order.
- (3) When a Bank, etc. intends to conduct Bank Agency Service, it shall submit to the Prime Minister documents in which the matters listed in each item of Article 52-37(1) are stated and Documents Required by Article 52-37(2)(ii).

### Chapter 8 Miscellaneous Provisions

#### Article 53 (Matters to be Notified)

- (1) A Bank shall, when it falls under any of the following items, notify the Prime



Minister to that effect pursuant to the provisions of a Cabinet Office Ordinance:

- (i) When it commences its operations;
  - (ii) When it intends to have a company falling under the category specified in Article 16-2(1)(xi) or (xii) (excluding that for which Article 16-2(4) provides that in order to have such a company as its Subsidiary Company, a Bank is required to obtain authorization) become its Subsidiary Company (excluding the case where it intends to do so by conducting a merger or company split or receiving transfer of business from said company with the authorization granted under Article 30(1) to (3) inclusive of this Act or Article 5(1) (Authorization) of Act on Financial Institutions' Merger and Conversion);
  - (iii) When such Subsidiary Company ceases to be its Subsidiary Company (excluding the case of company split or transfer of business conducted with the authorization granted under Article 30(2) or (3)), or its Subsidiary Company which falls under the category of Bank, etc. Eligible for Subsidiary Company set forth in Article 16-2(4) ceases to be a Bank, etc. Eligible for Subsidiary Company;
  - (iv) When it intends to increase the amount of its stated capital;
  - (v) When it implements something for which it has obtained authorization under the provision of this Act;
  - (vi) When it intends to establish its representative office in a foreign state;
  - (vii) When its voting rights that exceed five hundredths of the Voting Rights Held by All of its Shareholders are acquired or come to be held by a single shareholder; or,
  - (viii) When it falls under any other case specified by a Cabinet Office Ordinance (or a Cabinet Office Ordinance and an Ordinance of the Ministry of Finance regarding the matters concerning the system for disposal of failed financial institutions and concerning financial risk management).
- (2) A Major Shareholder of Bank (including a person who had been a Major Shareholder of Bank) shall, when he/she falls under any of the following items, notify the Prime Minister to that effect pursuant to the provisions of a Cabinet Office Ordinance:
- (i) When the holder becomes a Major Shareholder of Bank under the authorization set forth in Article 52-9(1), or the holder is established as a Major Shareholder of Bank under that authorization;
  - (ii) When the holder comes to hold more than five hundredths of the Bank's Voting Rights Held by All of the Shareholders of the Bank;
  - (iii) When the holder ceases to hold voting rights of the Bank which amount to the Major Shareholder Threshold or more (excluding the case mentioned in item (v));
  - (iv) When the holder ceases to hold more than five hundredths of the Bank's

Voting Rights Held by All of the Shareholders of the Bank (excluding the cases mentioned in the preceding item and the following item); ;

- (v) When the holder dissolves (including the case where a court judgment nullifying the establishment, share transfer, merger (limited to a merger having resulted in establishment of a company or other juridical person that holds voting rights of the Bank which amount to the Major Shareholder Threshold or more) or incorporation type split pertaining to the holder has become final and binding);
  - (vi) When the holder's voting rights that exceed five hundredths of the Voting Rights Held by All of its Shareholders are acquired or come to be held by a single shareholder; or;
  - (vii) When the holder falls under any other case specified by a Cabinet Office Ordinance.
- (3) A Bank Holding Company (including a company which had been a Bank Holding Company) shall, when it falls under any of the following items, notify the Prime Minister to that effect pursuant to the provisions of a Cabinet Office Ordinance:
- (i) When it becomes a Bank Holding Company under the authorization set forth in Article 52-17(1), or it is established as a Bank Holding Company under that authorization;
  - (ii) When it ceases to be a Holding Company having a Bank as its Subsidiary Company (excluding the case mentioned in item (v));
  - (iii) When it intends to have a company falling under the category specified in Article 52-23(1)(x) or (xi) (excluding that for which Article 52-23(3) provides that in order to have such a company as its Subsidiary Company, a Bank Holding Company shall obtain authorization) become its Subsidiary Company (excluding the case where it intends to do so by conducting a Merger or company split or receiving transfer of business from that company with the authorization granted under Article 52-35(1) to (3) inclusive of this Act);
  - (iv) When a Subsidiary Company ceases to be its Subsidiary Company (excluding the case of company split or transfer of business conducted with the authorization granted under 52-35(2) or (3) or the case mentioned in item (ii)), or its Subsidiary Company which falls under the category of Bank, etc. Eligible for Subsidiary Company set forth in Article 52-23(3) ceases to be a Bank, etc. Eligible for Subsidiary Company;
  - (v) When it has dissolved (including the case where a court judgment nullifying the establishment, share transfer, merger (limited to a merger having resulted in establishment of a Bank Holding Company) or Incorporation-Type Split pertaining to the holder has become final and binding);
  - (vi) When it intends to change the amount of its stated capital;
  - (vii) When it implements something for which it has obtained authorization

- (excluding authorization referred to in item (i)) under the provision of this Act;
- (viii) When its voting rights that exceed five hundredths of the Voting Rights Held by All of its Shareholders are acquired or come to be held by a single shareholder;
- or,
- (ix) When the holder falls under any other case specified by a Cabinet Office Ordinance.
- (4) A Bank Agent shall, when it commences to conduct Bank Agency Service or it falls under any other case specified by a Cabinet Office Ordinance, notify the Prime Minister to that effect pursuant to the provisions of a Cabinet Office Ordinance:
- (5) The provision of Article (2)(xi) shall apply mutatis mutandis to voting rights of a Bank, a Major Shareholder of Bank or Bank Holding Company acquired or held by a single shareholder referred to in item (vii) of paragraph (1), item (vi) of paragraph (2) or item (viii) of paragraph (3).

#### Article 54 (Conditions on Authorization, etc.)

- (1) The Prime Minister may impose conditions on the authorizations or approvals (referred to as "Authorization, etc." in the following paragraph) to be granted under the provisions of this Act and change them.
- (2) The conditions set forth in the preceding paragraph shall, in light of the purpose of the Authorization, etc., be the minimum necessary for ensuring assured implementation of matters pertaining to the Authorization, etc.

#### Article 55 (Lapse of Authorization)

- (1) When a Bank, a Major Shareholder of Bank (including a person who has obtained the authorization for establishment under Article 52-9(1)) or Bank Holding Company (including a person who has obtained the authorization under Article 52-17(1)) does not implement something for which it or he/she has obtained authorization under the provisions of this Act within six months from the day when it or he/she has obtained the authorization, the authorization shall lose its effect; provided, however, that this shall not apply to the case where there is an unavoidable reason and the approval of the Prime Minister has been obtained in advance.
- (2) In addition to what is provided in the preceding paragraph, the authorization referred to in Article 52-9(1) or the proviso to Article 52-9 (2) (hereinafter referred to as the "Authorization for Major Shareholder" in this paragraph) shall lose its effect, when the Major Shareholder of Bank pertaining to which the "Authorization for Major Shareholder" has been granted ceases to hold voting rights of the Bank which amount to the Major Shareholder Threshold or more, or the Major Shareholder of Bank or Bank Holding Company obtains the

Authorization set forth in Article 52-17(1) or the proviso to Article 52-17(3), or Article 52-23(3) or the proviso to Article 52-23(4), for having the Bank pertaining to which the “Authorization for Major Shareholder” has been granted as its Subsidiary Company.

(3) In addition to what is provided in paragraph (1), the authorization referred to in Article 52-17(1) or the proviso to Article 52-17(3) shall lose its effect when the Bank Holding Company pertaining to which the authorization has been granted becomes a company which is no longer a Holding Company having a Bank as its Subsidiary Company.

#### Article 56 (Public Notice by Prime Minister)

In the following cases, the Prime Minister shall give public notice in the Official Gazette thereof:

- (i) When he/she orders suspension of the whole or part of the business of a Bank under Article 26(1) or Article 27;
- (ii) When he/she rescinds the license set forth in Article 4(1) under Article 27 or Article 28;
- (iii) When the license granted to a Bank under Article 4(1) loses its effect by reason that the Bank falls under the condition specified in Article 41(iv);
- (iv) When the license set forth in Article 4(1) granted to a Foreign Bank loses its effect under Article 50;
- (v) When he/she rescinds the authorization set forth in Article 52-9(1) or the proviso to Article 52-9(2) under Article 52-15(1);
- (vi) When he/she rescinds the authorization set forth in Article 52-17(1) or the proviso to Article 52-17(3) under Article 52-34(1);
- (vii) When he/she orders suspension of the whole or part of the business of a subsidiary Bank of a Bank Holding Company under Article 52-34(1);
- (viii) When he/she orders suspension of the whole or part of the business of a Bank under Article 52-34(4);
- (ix) When the authorization set forth in Article 52-9(1) or the proviso to Article 52-9(2), or Article 52-17(1) or the proviso to Article 52-17(3) loses its effect under the preceding Article;
- (x) When he/she rescinds the permission set forth in Article 52-36(1) under Article 52-56(1);
- (xi) When he/she orders a Bank Agent to suspend the whole or part of its Bank Agency Service under Article 52-56(1); or
- (xii) When the permission set forth in Article 52-36(1) loses its effect under Article 52-57;

#### Article 57 (Method of Public Notice by Bank, etc.)

A Bank or Bank Holding Company shall specify any of the following methods as the Method of Public Notice in its articles of incorporation:

- (i) Publication in a daily newspaper which publishes matters on current events; or
- (ii) Electronic Public Notice.

Article 57-2 (Period for Which the Public Notice by Electronic Public Notice shall be Given)

(1) When a Bank or Bank Holding Company gives public notice pursuant to the provisions of this Act or any other Act (excluding public notice given pursuant to the provisions of the Companies Act) by means of electronic public notice, it shall give the public notice by means of electronic public notice on a continuous basis until the date specified in the following items for the categories of public notice set forth respectively in those items:

- (i) Public notice against which objections may be stated within the period specified therein: The day on which that period expires;
- (ii) Public notice required under the first sentence of Article 16(1): The day on which the Bank resumes whole or part of its business at the business office where it has temporarily suspended whole or part of its business.
- (iii) Public notice required under the second sentence of Article 16(1): The day on which one month has elapsed from the day on which the Bank resumed whole or part of its business at the business office where it had temporarily suspended whole or part of its business;
- (iv) Public notice required under the provisions of Article 20(4) or Article 52-28(3): The day on which five years have elapsed from the date of the commencement of electronic public notice
- (v) Public notice other than that set forth in the preceding items: The day on which one month has elapsed from the date of the commencement of electronic public notice.

(2) The provisions of Article 940(3) (Period of Public Notice, etc. for Electronic Public Notice) of the Companies Act shall apply mutatis mutandis to the cases where a Bank or Bank Holding Company gives public notice pursuant to the provisions of this Act or any other Act (excluding public notice given pursuant to the provisions of the Companies Act) by means of electronic public notice. In this case, any necessary technical replacement of terms shall be specified by a Cabinet Order.

Article 57-3 (Application of the Provision on Investigation of Electronic Public Notice)

With regard to application of the provisions of Article 941 (Investigation of Electronic Public Notice) of the Companies Act, the term “the provisions of Article 440(1)” in that Article shall be deemed to be replaced with “the provisions of Article

440(1) of this Act and Article 16(1), Article 20(4) and Article 52-28(3) of the Banking Act.”

#### Article 57-4 (Registration)

A Bank or Bank Holding Company shall complete registration of the following matters:

- (i) When it intends to take measures referred to in Article 20(6), among matters necessary for receiving the information contained in Interim Balance Sheet, etc., Interim Consolidated Balance Sheet, etc. and Consolidated Balance Sheet, etc. set forth in the Article 20(6), those specified by a Cabinet Office Ordinance; and
- (ii) When it intends to take measures referred to in Article 52-28(5), among matters necessary for allowing many and unspecified persons to receive the information contained in Interim Consolidated Balance Sheet, etc. and Consolidated Balance Sheet, etc. set forth in Article 52-28(5), those specified by a Cabinet Office Ordinance

#### Article 57-5 (Consultation with Minister of Finance)

The Prime Minister shall, when he/she finds that maintenance of an orderly credit system may be materially affected if he/she imposes one of the following dispositions on a certain Bank as intended by him/her, consult in advance with the Minister of Finance about measures necessary for maintaining of an orderly financial system:

- (i) Order to suspend the whole or part of the business of the Bank under the provisions of Article 26(1), Article 27 or Article 52-34(1) or (4); or
- (ii) Rescission of the license set forth in Article 4(1) under the provisions of Article 27 or 28.

#### Article 57-6 (Notice to Minister of Finance)

The Prime Minister shall, when he/she gives any of the following dispositions, promptly notify it to the Minister of Finance. The same shall apply to the case where he/she receives a notification filed under the provisions of Article 53(1) (limited to that required under Article 53(1)(viii) and required by a Cabinet Office Ordinance and an Ordinance of the Ministry of Finance):

- (i) Granting of a license under Article 4(1);
- (ii) Granting of authorization under the provisions of Article 16-2(4) (limited to case where the Bank intends to have a Bank which falls under the category of failed financial institutions under Article 2(4) of the Deposit Insurance Act (Act No. 34 of 1971) become its Subsidiary Company), Article 30(1) to (3) inclusive, Article 37(1), Article 52-9(1) or the proviso to Article 52-9(2), Article 52-17(1) or the proviso to Article 52-17(3), or Article 52-35(1) to (3) inclusive;
- (iii) Giving of an order under the provisions of Article 26(1), Article 27, Article

- 52-5, Article 52-6, Article 52-9(4), Article 52-13, Article 52-14, Article 52-15(1) Article 52-17(5), Article 52-33(1) or (3) or Article 52-34(1) or (4) (including the request of submission of an improvement plan);
- (iv) Rescission of a license set forth in Article 4(1) under the provisions of Article 27 or Article 28; or,
  - (v) Rescission of an authorization set forth in Article 52-9(1) or in the proviso to Article 52-9(2) under the provisions of Article 52-15(1) or rescission of an authorization set forth in Article 52-17(1) or the proviso to Article 52-17(3) under the provisions of Article 52-34(1).

Article 57-7 (Submission of Materials to Minister of Finance, etc.)

- (1) The Minister of Finance shall, when he/she finds it necessary for planning or framing a system in relation to the systems for disposal of failed financial institutions or financial risk management under his/her jurisdiction, request to the Prime Minister submission of materials and provision of explanation necessary.
- (2) The Minister of Finance shall, when and to the extent he/she finds it particularly necessary for planning or framing a system pertaining to Banks in relation to the systems for disposal of failed financial institutions or financial risk management under his/her jurisdiction, request submission of materials, provision of explanation and other cooperation to a Bank, Major Shareholder of Bank, Bank Holding Company, Bank Agent or other relevant person.

Article 58 (Delegation to Cabinet Office Ordinance)

In addition to what is provided for in this Act, matters required for the implementation of this Act, including procedures for licenses, permissions, authorizations or approvals and procedures for submission of documents, shall be specified by a Cabinet Office Ordinance.

Article 59 (Delegation of Authority)

- (1) The Prime Minister shall delegate his/her authority under this Act (excluding that specified by a Cabinet Order) to the Commissioner of the Financial Services Agency.
- (2) The Commissioner of the Financial Services Agency may, pursuant to the provisions of a Cabinet Order, delegate part of the authority that has been delegated pursuant to the provisions of the preceding paragraph to the Director-Generals of Local Finance Bureaus or Local Finance Branch Bureaus.

Article 60 (Transitional Measures)

When enacting, revising or abolishing an order based on this Act, necessary

transitional measures (including transitional measures concerning penal provisions) may be provided for by that order, to the extent considered reasonably necessary for its enactment, revision or abolition.

## Chapter 9 Penal Provisions

### Article 61

A person who falls under any of the following items shall be punished by imprisonment with work for not more than three years or a fine of not more than three million yen, or both:

- (i) A person who has conducted Banking Business without obtaining a license, in violation of the provisions of Article 4(1);
- (ii) A person who has obtained the license set forth in Article 4(1) by wrongful means;
- (iii) A person who had another person conduct Banking Business, in violation of the provisions of Article 9;
- (iv) A person who has violated the provisions of Article 39(1) of the Financial Instruments and Exchange Act as applied mutatis mutandis pursuant to Article 13-4 or Article 52-45-2 (hereinafter referred to as the “Financial Instruments and Exchange Act as Applied Mutatis Mutandis”);
- (v) A person who has conducted Banking Business without obtaining permission, in violation of the provisions of Article 52-36(1);
- (vi) A person who has obtained the permission set forth in Article 52-36(1) by wrongful means; or
- (vii) A person who had another person conduct Banking Business, in violation of the provisions of Article 52-41.

### Article 61-2

In any of the following cases of violation, a person who has committed the violation shall be punished by imprisonment with work for not more than two years or a fine of not more than three million yen, or both:

- (i) When a person has become or established a Holding Company having a Bank as its Subsidiary Company through any of the following transactions or acts without obtaining the authorization from the Prime Minister under Article 52-17(1);
- (ii) When a person remained as a Holding Company having a Bank as its Subsidiary Company after the Last Day of the Grace Period prescribed in Article 52-17(3), in violation of the provisions of that paragraph; or
- (iii) When a person remained as a Holding Company having a Bank as its Subsidiary Company in violation of an order under Article 52-17(5) or where a



person remained as a Holding Company having a Bank as its Subsidiary Company even after the period designated by the Prime Minister prescribed in Article 52-34(2) in violation of the provisions of that paragraph.

#### Article 62

A person who falls under any of the following items shall be punished by imprisonment with work for not more than two years or a fine of not more than three million yen:

- (i) A person who has violated the conditions imposed pursuant to the provisions of Article 4(4) or Article 52-38(2); or
- (ii) A person who violated an order to suspend the whole or part of its business under Article 26(1), Article 27, Article 52-34(1) or (4), or Article 52-56(1).

#### Article 63

A person who falls under any of the following items shall be punished by imprisonment with work for not more than one year or a fine of not more than three million yen:

- (i) A person who has, in violation of the provisions of Article 19, Article 52-27 or Article 52-50(1), failed to submit the documents prescribed in these provisions or submitted those documents without stating the matters to be stated or without making false statements therein;
- (i)-2 A person who has, in violation of the provisions of Article 20(4) or Article 52-28(3), failed to give public notice under these provisions or, in violation of the provisions of Article 20(6) or Article 52-28(5), failed to take any of the measures specified by a Cabinet Office Ordinance as those for making the information prescribed in those provisions accessible to many and unspecified persons by electromagnetic means, or has given public notice without stating the matters to be stated or with making false statements in the documents for which that public notice must be given, or has taken a measure for making the information recorded in the electromagnetic record accessible to many and unspecified persons without recording the matters to be recorded or recording false matters in the electromagnetic record;
- (i)-3 A person who has, in violation of the provisions of Article 21(1) or (2), Article 52-29(1) or Article 52-51(1), failed to provide the documents prescribed in those provisions for public inspection or, in violation of the provisions of Article 21(4) (including the case where it is applied mutatis mutandis pursuant to paragraph (5) of that Article; hereinafter the same shall apply in this item), Article 52-29(3) or Article 52-51(2), failed to take any of the measures specified by a Cabinet Office Ordinance as those for making the information recorded in the

electromagnetic record prescribed in Article 21(4), Article 52-29(3) or Article 52-51(2) accessible to many and unspecified persons by electromagnetic means or, in violation of these provisions, provided the documents for public inspection without stating the matters to be stated or by making false statements in the documents, or has taken a measure for making the information recorded in the electromagnetic record accessible to many and unspecified persons by electromagnetic means without recording the matters to be recorded or recording false matters in the electromagnetic record;

- (ii) A person who has failed to submit the reports or materials under Article 24(1) (including the case where it is applied mutatis mutandis pursuant to Article 43(3)), Article 24(2), Article 52-7, Article 52-11 or Article 52-31(1) or (2), or has submitted false reports or materials;
- (iii) A person who has failed to answer or has given a false answer to the questions asked by the officials under Article 25(1) (including the case where it is applied mutatis mutandis pursuant to Article 43(3)), Article 25(2), Article 52-8(1), Article 52-12(1), Article 52-32(1) or (2) or Article 52-54(1), or has refused, hindered or avoided the inspection under these provisions;
- (iv) A person who has violated an order under Article 43(1) (including the case where it is applied mutatis mutandis pursuant to paragraph (2) of that Article);
- (v) A person who has refused, hindered or avoided the inspection under Article 45(3) or violated an order under that Article;
- (vi) A person who has failed to answer or has given a false answer to the questions asked by the officials under Article 25(1) as applied mutatis mutandis pursuant to Article 46(3), or has refused, hindered or avoided the inspection under that paragraph;
- (vii) A person who has violated an order (excluding an order to dismiss a director, executive officer, accounting advisor, or auditor or to suspend the whole or part of the business) under Article 52-34(1);
- (viii) A person who has submitted an application under Article 52-37(1) or documents to be attached thereto pursuant to the provisions of paragraph (2) of that Article by making false statements;
- (ix) A person who has conducted business other than Bank Agency Service and services incidental to Bank Agency Service without obtaining the approval under Article 52-42(1); or
- (x) A person who has violated the conditions (limited to those pertaining to the authorization under Article 52-17(1) or the proviso to Article 52-17(3)) imposed pursuant to the provisions of Article 54(1).

#### Article 63-2

A person who has violated the provisions of Article 13-3 (limited to the part

pertaining to item (i) or Article 52-45 (limited to the part pertaining to item (i)) for the purpose of securing the interest of a person other than customers (including a Bank or a Bank Agent) or giving damage to a customer shall be punished by imprisonment with work for not more than one year or a fine of not more than one million yen, or both.

#### Article 63-2-2

A person who has violated the provisions of Article 39(2) of the Financial Instruments and Exchange Act as Applied Mutatis Mutandis shall be punished by imprisonment with work for not more than one year or a fine of not more than one million yen, or both.

#### Article 63-2-3

In the case referred to in the preceding Article, the property benefit received by the offender or a third person who knows the circumstances shall be confiscated. Where it is not possible to confiscate the whole or part of it, the value thereof shall be collected.

#### Article 63-2-4

A person who falls under any of the following items shall be punished by imprisonment with work for not more than six months or a fine of not more than 500,000 yen, or both:

- (i) A person who has failed to indicate the matters prescribed in Article 37(1) (excluding item (ii)) of the Financial Instruments and Exchange Act as Applied Mutatis Mutandis or has indicated false matters;
- (ii) A person who has violated the provisions of Article 37(2) of the Financial Instruments and Exchange Act as Applied Mutatis Mutandis;
- (iii) A person who has, in violation of the provisions of Article 37-3(1) (excluding items (ii) and (vi)) of the Financial Instruments and Exchange Act as Applied Mutatis Mutandis, failed to deliver the document, or has delivered a document without stating the matters prescribed in that paragraph or with making false statements; or
- (iv) A person who has failed to deliver the document under Article 37-4(1) of the Financial Instruments and Exchange Act as Applied Mutatis Mutandis or has delivered a document with making false statements.

#### Article 63-3

A 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 has, in violation of the provisions of Article 955(1) (Entry, etc. in

Investigation Record Books, etc.) of the Companies Act as applied mutatis mutandis pursuant to Article 49-2(2), failed to state or record the matters specified by a Cabinet Office Ordinance concerning the investigation of electronic public notice prescribed in that paragraph or has stated or recorded false matters in the investigation record book, etc. (hereinafter the investigation record book, etc. prescribed in that paragraph; hereinafter the same shall apply in this item) or has, in violation of the provisions of that paragraph, failed to retain the investigation record book, etc.;

- (ii) A person who has failed to give the notification under Article 52-39(2) or Article 52-52 or has given a false notification;
- (iii) A person who has violated the provisions of Article 52-40(1); or
- (iv) A person who has, in violation of the provisions of Article 52-40(2), posted the sign set forth in paragraph (1) of that Article or a sign similar thereto.

#### Article 64

- (1) When the representative person of a juridical person (including an organization that is not a juridical person and that has rules concerning the representative person or an administrator; hereinafter the same shall apply in this paragraph) or an agent, an employee or other worker of a juridical person or an individual has violated any of the provisions listed in the following items concerning the business or property of such juridical person or individual, not only the offender shall be punished, but also that juridical person shall be punished by the fine set forth respectively in those items and that individual shall be punished by the fine specified in the respective Articles:
- (i) Article 61(iv) or Article 62: A fine of not more than 300 million yen;
  - (ii) Article 63(i) to (iv) inclusive, (vii), (viii) or (x) or Article 63-2: A fine of not more than 200 million yen;
  - (iii) Article 63-2-2: A fine of not more than 100 million yen; and
  - (iv) Article 61 (excluding item (iv)), Article 61-2, Article 63(v), (vi) or (ix) or the preceding two Articles: The fine prescribed in each Articles.
- (2) In the case where an organization that is not a juridical person is punished pursuant to the provisions of the preceding paragraph, the representative person or an administrator thereof shall represent that organization with regard to the relevant procedural act, and the provisions of Acts concerning criminal procedure in the cases where a juridical person is the accused or a suspect shall apply mutatis mutandis.

#### Article 65

In any of the following cases, the director, executive officer, accounting advisor or the members who are to perform the duties of the accounting advisors, auditor,

manager or liquidator of the Bank (including a company that had been said Bank in the case where the license from the Prime Minister set forth in Article 4(1) lost its effect as a result of the Bank falling under any of each item from Article 41(i) to (iii) inclusive), the representative person, agent or manager of the Foreign Bank, the Major Holder of the Bank's Voting Rights (including a person who had been a Major Holder of the Bank's Voting Rights in the case where the Major Holder of the Bank's Voting Rights became a person who is no longer a Major Holder of the Bank's Voting Rights and, when the Major Holder of the Bank's Voting Rights is a juridical person, etc. (meaning any juridical person and any organization without juridical personality specified in Article 3-2(1)(i); hereinafter the same shall apply in this Article), it shall be the director, executive officer, accounting advisor or the members who are to perform the duties of the accounting advisors, auditor, representative person, administrator, manager, member who executes the operation, or liquidator of said juridical person, etc.), the Major Shareholder of the Bank (including a person who had been the Major Shareholder of Bank in the case where the major shareholder of the Bank became a person who is no longer a Major Shareholder of Bank and, when the Major Shareholder of Bank is a Juridical Person, etc., it shall be the director, executive officer, accounting advisor or the members who are to perform the duties of the accounting advisors, auditor, representative person, administrator, manager, member who executes the operation, or liquidator of said juridical person, etc.), the Specified Major Shareholder (including a person who had been the Specified Major Shareholder in the case where the Specified Major Shareholder became a person who is no longer a holder of voting rights of the Bank which amounts to the Major Shareholder Threshold or more and, when the Specifies Major Shareholder is a juridical person, etc., it shall be the director, executive officer, accounting advisor or the members who are to perform the duties of the accounting advisors, auditor, representative person, administrator, manager, member who executes the operation, or liquidator of said juridical person, etc.), the director, executive officer, accounting advisor or the members who are to perform the duties of the accounting advisors, auditor, manager, or liquidator of the Bank Holding Company (including a company that had been the Bank Holding Company in the case where the Bank Holding Company became a company that is no longer a Bank Holding Company), the director, executive officer, accounting advisor or the members who are to perform the duties of the accounting advisors, auditor, manager, member who executes the operation, or liquidator of the Specified Holding Company (including a company that had been the Specified Holding Company in the case where the Specified Holding Company became a company that is no longer a Holding Company having a Bank as its Subsidiary Company), or the Bank Agent (when the Bank Agent is a juridical person, it shall be the director, executive officer, auditor, director, inspector, representative person, member who executes the operation, or

liquidator of said Bank Agent) that has committed such act shall be punished by a fine of not more than one million yen:

- (i) When he/she has carried out the act prescribed in Article 5(3), Article 6(3), Article 8(2) or (3) or Article 47-2 without obtaining the authorization therefor from the Prime Minister under these provisions;
- (ii) When he/she has engaged in the ordinary business of another company in violation of the provisions of Article 7(1) or Article 52-19(1);
- (iii) When he/she has operated any other business in violation of the provisions of Article 12 or Article 52-21(1);
- (iv) When he/she has, in violation of the provisions of Article 8(1), Article 16(1), Article 34(1), Article 36(1), Article 38, Article 49, Article 52(1) or (3), Article 52-39(1), Article 52-47, Article 52-48, Article 52-61(3) or Article 53(1) to (4) inclusive, failed to give the notification or the public notice or make the posting under these provisions or has given a false notification or a false public notice or has made a false posting;
- (v) When he/she has, in violation of the provisions of Article 16-2(1), made a company other than the Companies Eligible for Subsidiary Companies prescribed in that paragraph (excluding the Domestic Companies prescribed in Article 16-3(1)) its Subsidiary Company or has, in violation of the provisions of Article 52-23(1), made a company other than the Companies Eligible for Subsidiary Companies prescribed in that paragraph (excluding the Domestic Companies prescribed in Article 52-24(1)) its Subsidiary Company;
- (vi) When he/she has, without obtaining the authorization from the Prime Minister under Article 16-2(4), made a company eligible for Subsidiary Company, etc. prescribed in that paragraph its Subsidiary Company or has, without obtaining the authorization from the Prime Minister under paragraph (4) of that Article as applied mutatis mutandis pursuant to paragraph (6) of that Article, made any of the companies listed in each item of paragraph (1) of that Article its Subsidiary Company that falls under the category of a company specified in any other item among those items (limited to a company eligible for Subsidiary Company, etc. prescribed in paragraph (4) of that Article);
- (vii) When he/she has violated the provisions of Article 16-3(1), the proviso to Article 16-3(2), Article 52-24(1) or the proviso to Article 52-24(2);
- (viii) When he/she has violated the conditions imposed pursuant to the provisions of Article 16-3(3) or (5) or Article 52-24(3) or (5); or
- (ix) When he/she failed to record a capital reserve or a retained earnings reserve in violation of the provisions of Article 18;
- (x) When he/she has failed to submit an improvement plan in violation of the provisions of Article 26(1), Article 52-14(1) or Article 52-33(1) or has violated an order (excluding an order to suspend the whole or part of the business) under

- Article 26(1) or has violated an order under Article 29, Article 52-13, Article 52-14, Article 52-15(1), Article 52-33(1) or (3) or Article 52-55;
- (xi) When he/she has transferred or acquired the business in violation of the provisions of Article 34(5) (including the case where it is applied *mutatis mutandis* pursuant to Article 35(3));
  - (xii) When he/she has failed to submit reports or materials under Article 48 or Article 52(2) or has submitted false reports or materials;
  - (xii)-2 When he/she has failed to seek the investigation set forth in Article 941 (Investigation of Electronic Public Notice) of the Companies Act in violation of that Article as applied *mutatis mutandis* pursuant to Article 49-2(2);
  - (xiii) When he/she has failed to make the submission or give the notification under Article 52-2(1), Article 52-3(1), (3) or (4), Article 52-4(1) or (2), Article 52-5, Article 52-6, Article 52-9(3) or Article 52-17(2) or (4) or has made a false submission or has given a false notification;
  - (xiv) When he/she has, without obtaining authorization from the Prime Minister under Article 52-9(1), become a holder of voting rights of a Bank which amounts to the Major Shareholder Threshold or more or has established a company or any other juridical person that is a holder of voting rights of a Bank which amounts to the Major Shareholder Threshold or more through any of the transactions or acts listed in each item of that paragraph;
  - (xv) When he/she has, in violation of the provisions of Article 52-9(2,) remained as a holder of voting rights of a Bank which amounts to the Major Shareholder Threshold or more even after the Last Day of the Grace Period prescribed in that paragraph;
  - (xvi) When he/she has, in violation of the provisions of Article 52-9(4), remained as a holder of voting rights of a Bank which amounts to the Major Shareholder Threshold or more or has, in violation of the provisions of Article 52-15(2), remained as a holder of voting rights of a Bank which amounts to the Major Shareholder Threshold or more even after the period designated by the Prime Minister as prescribed in that paragraph;
  - (xvii) When he/she has, without obtaining authorization from the Prime Minister under Article 52-23(3), made a company eligible for Subsidiary Company, etc. prescribed in that paragraph its Subsidiary Company or has, without obtaining authorization from the Prime Minister under paragraph (3) of that Article, made any of the companies listed in each item of paragraph (1) of that Article its Subsidiary Company that falls under the category of a company specified in any other item among those items (limited to a company eligible for Subsidiary Company, etc. prescribed in paragraph (3) of that Article);
  - (xviii) When he/she has failed to carry out the management of property that should be carried out pursuant to the provisions of Article 52-43;

- (xix) When he/she has failed to prepare or retain books and documents under Article 52-49 or has created false books and documents;
- (xx) When he/she has violated the conditions imposed pursuant to the provisions of Article 54(1) (limited to those pertaining to authorization under Article 8(2) or (3), Article 16-2(4) (including the case where it is applied mutatis mutandis pursuant to paragraph (6) of that Article), Article 30(1) to (3) inclusive, Article 37(1), Article 47-2, Article 52-9(1) or the proviso to Article 52-9(2), Article 52-23(3) (including the case where it is applied mutatis mutandis pursuant to paragraph (5) of that Article) or Article 52-35(1) to (3) inclusive); or
- (xxi) When he/she has failed to make the registration under Article 57-4.

#### Article 66

A person who falls under any of the following categories shall be punished by a fine of not more than one million yen:

- (i) A person who has, in violation of the provisions of Article 6(2), used in its name or trade name, any term which would indicate that the person is a Bank;
- (ii) A person who has, in violation of the provisions of Article 946(3) (Obligation, etc. of Investigation) of the Companies Act as applied mutatis mutandis pursuant to Article 49-2(2), failed to make a report or has made a false report; or
- (iii) A person who has refused without justifiable grounds any of the requests listed in each item of Article 951(2) (Keeping and Inspection, etc. of Financial Statements, etc.) of the Companies Act or each item of Article 955(2) (Entry, etc. in Investigation Record Books, etc.) of that Act as applied mutatis mutandis pursuant to Article 49-2(2).

#### Supplementary Provisions

##### Article 1 (Effective Date)

This Act shall come into effect as from the date specified by a Cabinet Order within a period not exceeding one year from the day of promulgation; provided, however, that Article 9(1) and (2) of these Supplementary Provisions shall come into effect as from the day of promulgation.

##### Article 2 (Transitional Measures Concerning License of Banking Business)

A person who, when this Act comes into effect, holds the competent minister's license referred to in Article 2 of the Banking Act before the revision by this Act (hereinafter referred to as the "Former Act") (including a person who is deemed under Article 39(2) of the Former Act, or other Act or an order issued thereunder, to hold the competent minister's license referred to in Article 2 of the Former Act, but excluding a person who holds the competent minister's license referred to in Article



2 of the Former Act under Article 32(1) of that Act) shall be deemed to have obtained the Minister of Finance's license under Article 4(1) of the Banking Act revised by this Act (hereinafter referred to as the "New Act") at the time when this Act comes into effect.

#### Article 3 (Transitional Measures Concerning Amount of Capital)

The provision of Article 5(1) of the New Act shall not apply to a Bank that is deemed, under the preceding Article, to have obtained the Minister of Finance's license referred to in Article 4(1) of the New Act (hereinafter referred to as "Bank Having Obtained the License under the Former Act") and of which the amount of capital at the time when this Act comes into effect is less than the amount that is specified by a Cabinet Order under the provision of Article 5(1) of the New Act, until the day on which five years have elapsed from the day when the Act comes into effect (hereinafter referred to as the "Effective Date").

#### Article 4 (Transitional Measures Concerning Authorization Pertaining to Overseas Subsidiaries)

- (1) A Bank Having Obtained the License under the Former Act shall, if it, at the time when this Act comes into effect, holds shares of or equity in a foreign company as referred to in Article 9(1) of the New Act in excess of the quantity or amount obtained by multiplying the total number of Issued Shares of, or the total amount of contribution to the foreign company by the rate provided by the Ordinance of the Ministry of Finance under Article 9(1) of the New Act, notify the effect to the Minister of Finance within three months from the Effective Date.
- (2) A Bank Having Obtained the License under the Former Act shall, if the acquisition of shares or equity for which it has received the permission referred to in item (i) below, or for which it has made a notification referred to in item (ii) below, at the time when this Act comes into effect, falls under the category to which Article 9(1) of the New Act is applicable, notify the effect to the Minister of Finance within three months from the Effective Date.
  - (i) Permission granted under the provision of Article 21(2) (Capital Transactions for Which Permission of Minister of Finance is Required) of the Foreign Exchange and Foreign Trade Act (Act No. 228 of 1949)
  - (ii) Notification made under the provision of Article 22(1)(iv) (Notification of Outward Direct Investment by Resident) of the Foreign Exchange and Foreign Trade Act (limited to the case where the period during which the acquisition of the shares or the equity pertaining to the notification is prohibited under the provision of Article 23(1) of that Act has already expired without receiving a recommendation from the Minister of Finance provided in Article 23(2) of that Act (Examination on Contents of Capital Transactions and Recommendation to

Change Thereof) or the case where said recommendation has been given with regard to the notification and the Bank has notified its acceptance of the recommendation under the provision of Article 23(4) of that Act)

- (3) A Bank Having Obtained the License under the Former Act that has made a notification under the provision of the preceding two paragraphs shall be deemed to have obtained an authorization under Article 9(1) of the New Act for the acquisition of shares or equity for which the notification is made.

#### Article 5 Deleted

#### Article 6 (Transitional Measures Concerning Granting of Credit to One Person)

- (1) With regard to granting of credit as defined by the main clause of Article 13(1) of the New Act to one person by a Bank Having Obtained the License under the Former Act that exceeds the Limit of Granting of Credit as defined by that provision at the time when this Act comes into effect, the provision of the main clause of that paragraph shall not apply for three months from the Effective Date.
- (2) The provision of Article 13 of the New Act shall not apply to a Foreign Bank Branch for five years from the Effective Date.

#### Article 7 (Transitional Measures Concerning Granting of Credit to Directors)

The provision of Article 14 of the New Act shall apply to granting of credit referred to in Article 14 (1) of the New Act for which the director of the Bank obtains approval of the board of directors under Article 265 of the Commercial Code after the Effective Date, and the provisions then in force shall remain applicable to granting of credit for which the director of the Bank obtains approval of the board of directors under Article 265 of the Commercial Code on and before the Effective Date.

#### Article 8 (Transitional Measures Concerning Temporary Suspension of Business, etc.)

The provision of Article 16 of the New Act shall apply to the case where a Bank temporarily suspends whole or part of its business at its business office or at its agency on or after the Effective Date, and the provisions then in force shall remain applicable to the cases where a Bank Having Obtained the License under the Former Act temporarily suspends its business or suspends the repayment of deposits before the Effective Date.

#### Article 9 (Transitional Measures Concerning Accounting and Other Related Matters)

- (1) The Business Year of a Bank that started from April 1981 may be changed to start from that month and to end in March 1982, in accordance with what is provided by the Minister of Finance.

- (2) With regard to a Bank that decides to change its Business Year starting from April 1981 as provided by the preceding paragraph, Article 8 of the Banking Act (Act No. 21 of 1927) shall apply by deeming the term “every accounting period” therein as being replaced with “the accounting period pertaining to the Business Year”; and deeming the term “shall be set aside as retained earnings reserves” therein as being replaced with “and, when the distribution of money is conducted under Article 293-5(1) of the Commercial Code, one fifth of the amount of the distributed money shall be set aside as retained earnings reserves.”
- (3) The phrase “Article 8 of the Banking Act (Act No. 21 of 1927) shall apply” in the preceding paragraph shall be deemed to be replaced with “Article 8 of the Former Act shall remain applicable under paragraph (1) of the following Article” on or after the Effective Date.

#### Article 10

- (1) The provisions of Articles 17 and 18 of the New Act shall apply to the Business Year starting on or after April 1, 1982 and the reserves of retained earnings to be set aside therefor, and the provisions then in force shall remain applicable to the Business Year starting before that date and the reserves of retained earnings to be set aside therefor.
- (2) The provisions of Articles 19 to 22 inclusive of the New Act shall apply to documents referred to in these provisions pertaining to the Business Year starting on or after April 1, 1982, and the provisions then in force shall remain applicable to documents referred to in Articles 10 to 12-2 inclusive of the Former Act pertaining to the Business Year starting before that date.

#### Article 11 (Transitional Measures Concerning Rescission, etc. of License)

The provisions of Article 27 of the New Act shall apply to suspension of business or dismissal of director or company auditor or rescission of the Prime Minister’s license referred to in Article 4(1) of the New Act ordered to or made with regard to a Bank relating to an act performed by it on or after the Effective Date, and the provisions then in force shall remain applicable to suspension of business or dismissal of director or company auditor or rescission of the competent minister’s license ordered to or made with regard to a Bank Having Obtained the License under the Former Act relating to an act performed by it before the Effective Date.

#### Article 12 (Transitional Measures Concerning Authorization of Transfer of Business or Operation)

The provisions of Article 30(3) or (4) of the New Act shall apply to transfer of or acquisition of operation or acquisition of business approved by a resolution of the shareholders meeting or board of directors which is held on or after the Effective

Date.

Article 13 (Transitional Measures Concerning Notice for Objections to Merger)

The provisions of Article 33 of the New Act shall apply to a notice referred to in that Article in the case where a Bank passes a resolution for merger referred to in that Article on or after the Effective Date, and the provisions then in force shall remain applicable to a notice pertaining to such a resolution made before the Effective Date.

Article 14 (Transitional Measures Concerning Procedures for Transfer of Business or Operation)

- (1) The provisions of Articles 34 and 35 of the New Act shall apply to a public notice and notices as well as objections of creditors pertaining to a resolution of the shareholders meeting or board of directors held on or after the Effective Date.
- (2) The provision of Article 36 of the New Act shall apply to transfer of operation pertaining to a resolution of the shareholders meeting or board of directors held on or after the Effective Date.

Article 15 (Transitional Measures Concerning Public Notice, etc. of Discontinuance of Banking Business, etc.)

The provision of Article 38 of the New Act shall apply to the case where an authorization referred to in Article 37(1) of the New Act is granted on or after the Effective Date, and the provisions then in force shall remain applicable to the case where an Authorization referred to in Article 25 of the Former Act is granted before the Effective Date.

Article 16 (Transitional Measures Concerning Dissolution as a Result of Rescission of License, etc.)

The provisions of Articles 40, 42 and 56(ii) of the New Act shall apply to rescission of the competent minister's license made with regard to a Bank Having Obtained the License under the Former Act in the case where the provisions then in force shall remain applicable pursuant to Article 11 of these Supplementary Provisions, by deeming it as rescission of the Minister of Finance's license referred to in Article 4(1) made under Article 27 or 28 of the New Act.

Article 17 (Transitional Measures Concerning Lapse of License)

The provision of Article 41(iv) of the New Act shall apply to the Prime Minister's license referred to in Article 4(1) of the New Act that a Bank has obtained on or after the Effective Date, and the provisions then in force shall remain applicable to the competent minister's license referred to in Article 2 of the Former Act that a Bank

Having Obtained the License under the Former Act has obtained before the Effective Date.

Article 18 (Transitional Measures Concerning Transition into a Non-Banking Company, etc.)

The provision of Article 43 of the New Act shall apply to the case where a Bank falls under the condition specified in Article 41(i) on or after the Effective Date and thereby the Prime Minister's license set forth in Article 4(1) loses its effect, and the case where a company other than a Bank, etc. succeeds to liabilities of any outstanding deposit or Installment Savings through Merger after the Effective Date, and the provisions then in force shall remain applicable to the competent minister's supervision over a company to which the provision of Article 26 of the Former Act applies at the time of the day before the Effective Date.

Article 19 (Transitional Measures Concerning Appointment and Dismissal of and Supervision over Liquidator)

The provisions of Articles 44 and 45 of the New Act shall apply to the case where a Bank dissolves on or after the Effective Date, and the provisions then in force shall remain applicable to dismissal and appointment of and supervision over liquidator under Articles 27(2) and 28 as well as Article 29 of the Former Act pertaining to liquidation commencing before the Effective Date.

Article 20 (Transitional Measures Concerning the Prime Minister's Opinion, etc. in the Liquidation Proceedings, etc.)

The provision of Article 46 of the New Act shall apply to liquidation proceedings, bankruptcy proceedings, composition proceedings, arrangement proceedings or reorganization proceedings commencing on or after the Effective Date for a Bank (including a company that had been a Bank before its dissolution), and the provisions then in force shall remain applicable to liquidation, bankruptcy or compulsory composition referred to in Articles 30 and 31 of the Former Act commencing before the Effective Date.

Article 21 (Transitional Measures Concerning License of Banking Business for Foreign Bank Branch)

- (1) A person who, when this Act comes into effect, holds the competent minister's license referred to in Article 2 of the Former Act under the provision of Article 32(1) of that Act shall be deemed to have obtained the Minister of Finance's license referred to in Article 4(1) of the New Act under Article 47(1) of that Act at the time when this Act comes into effect.
- (2) A person who is deemed to hold the Minister of Finance's license referred to in

Article 4(1) of the New Act under the preceding paragraph shall notify the name of its representative person of the Foreign Bank Branch pertaining to the license to the Minister of Finance within three months from the Effective Date.

Article 22 (Transitional Measures Concerning Submission, etc. of Materials by Foreign Bank Branch)

The provision of Article 48(1) of the New Act shall apply to submission of materials referred to in Article 48(1) pertaining to the Business Year starting on or after April 1, 1982.

Article 23 (Transitional Measures Concerning Notification, etc. of Establishment of Representative Office of Foreign Bank)

A Foreign Bank which, when this Act comes into effect, has established a facility referred to in Article 52(1) of the New Act shall notify the contents of business, the location of the facility and other matters specified by a Ordinance of the Ministry of Finance as required in that provision to the Minister of Finance within three months from the Effective Date. In this case, said notification shall be deemed to be a notification made under that provision.

Article 24 (Transitional Measures Concerning Lapse of Authorization)

The provision of Article 55 of the New Act shall apply to an authorization granted to a Bank on or after the Effective Date, and the provisions then in force shall remain applicable to an authorization granted to a Bank Having Obtained the License under the Former Act before the Effective Date pursuant to a provision of the Former Act for which the corresponding provision exists in the New Act.

Article 25 (Effect of Disposition or Procedures Made under the Former Act, etc.)

Except for those otherwise provided by these Supplementary Provisions, an authorization, approval or other disposition, or application or other procedures, granted, given, made or performed before the Effective Date under a provision of the Former Act or an order thereunder for which the corresponding provision exists in the New Act or an order thereunder shall be deemed as an authorization, approval or other disposition, or application or other procedures, granted, given, made or performed under the corresponding provision of the New Act or an order.

Article 26 (Transitional Measures Concerning Penal Provisions)

With regard to the application of penal provisions to acts committed before this Act comes into effect, and acts committed after this Act comes into effect pertaining to matters to which the provisions then in force shall remain applicable pursuant to the provisions of these Supplementary Provisions, the provisions then in force shall

remain applicable.

#### Article 27 (Delegation to Cabinet Order)

In addition to what is provided for in Articles 2 to the preceding Article inclusive of these Supplementary Provisions, transitional measures necessary for the implementation of this Act shall be specified by a Cabinet Order.

#### Supplementary Provisions (Act No. 75 of June 9, 1981) (Extract)

This Act shall come into effect as from the day when the Act for Partial Revision of the Commercial Code, etc. comes into effect (October 1, 1982).

#### Supplementary Provisions (Act No. 78 of December 2, 1983)

- (1) This Act (excluding Article 1) shall come into effect as from July 1, 1984.
- (2) Transitional measures necessary for organizations, etc. which have been established under the provisions of Acts as of the day before the Effective Date of this Act and which shall also be established under the provisions of the National Government Organization Act or the provisions of a Cabinet Order issued based on the provisions of a related Act revised by this Act (hereinafter referred to as a "Related Cabinet Order") on or after the Effective Date of this Act, and other transitional measures necessary for the establishment, revision or abolition of a Related Cabinet Order in accordance with the implementation of this Act may be specified by a Cabinet Order.

#### Supplementary Provisions (Act No. 75 of May 31, 1988) (Extract)

#### Article 1 (Effective Date)

This Act shall come into effect as from the date specified by a Cabinet Order within a period not exceeding six months from the day of promulgation.

#### Article 40 (Transitional Measures for Partial Revision of the Banking Act)

A Bank which, when this Act comes into effect, has obtained the Minister of Finance's authorization by designating particulars and methods of its business operation under Article 5(1) of the Supplementary Provisions of the Banking Act before the revision by the preceding Article shall be deemed to have obtained, at the time when this Act comes into effect, the Minister of Finance's authorization by designating the same particulars and methods of its business operation under Article 5(1) of the Supplementary Provisions of the Banking Act after the revision by the preceding Article.

Article 42 (Transitional Measures Concerning Penal Provisions)

With regard to the application of penal provisions to acts committed before this Act comes into effect, and acts committed on or after this Act comes into effect pertaining to matters to which the provisions then in force shall remain applicable under these Supplementary Provisions, the provisions then in force shall remain applicable.

Article 43 (Delegation of Other Transitional Measures to Cabinet Order)

In addition to what is provided for in these Supplementary Provisions, transitional measures necessary for the implementation of this Act shall be specified by a Cabinet Order.

Supplementary Provisions (Act No. 77 of May 31, 1988) (Extract)

Article 1 (Effective Date)

This Act shall come into effect as from the date specified by a Cabinet Order within a period not exceeding one year from the day of promulgation.

Supplementary Provisions (Act No. 87 of June 26, 1992) (Extract)

Article 1 (Effective Date)

This Act shall come into effect as from the date specified by a Cabinet Order within a period not exceeding one year from the day of promulgation.

Article 2 (Transitional Measures for Partial Revision of the Banking Act and Other Acts)

(1) A Bank, etc. (meaning a Bank, etc. as defined by Article 4(5) of the Banking Act after the revision by Article 1 (hereinafter referred to as the “New Banking Act”); hereinafter the same shall apply in this Article) which, at the time when this Act comes into effect, holds shares (limited to voting shares) or equity (hereinafter shares or equity are collectively referred to as “Shares, etc.”) of which the number or amount exceeds fifty hundredths of the total number of the issued shares (limited to voting shares) or the total amount of contribution (hereinafter the total number of issued shares and the total amount of contribution are collectively referred to as “Issued Shares, etc.”) of a company falling under any of the categories listed in Article 16-4(1)(ii) of the New Banking Act (including the cases where it is applied mutatis mutandis pursuant to Article 17 of the Long-Term Credit Bank Act after the revision by Article 2 (hereinafter referred to as the “New Long-Term Credit Bank Act”) or Article 11 of the Foreign Exchange Bank Act after



the revision by Article 3 (hereinafter referred to as the “New Foreign Exchange Bank Act”); the same shall apply in the following paragraph) shall notify to that effect to the Minister of Finance within three months from the day when the Act comes into effect (hereinafter referred to as the "Effective Date").

(2) A Bank, etc. shall, if it will come to hold Shares, etc. which exceed fifty hundredths of the Issued Shares, etc. of a company falling under any of the categories listed in Article 16-4(1)(ii) of the New Banking Act as a result of the acquisition of Shares, etc. (limited to an acquisition that has not been implemented at the time of the Effective Date) for which it has received the permission referred to in item (i) below, or has made a notification referred to in item (ii) below, at the time when this Act comes into effect, notify to that effect to the Minister of Finance within three months from the Effective Date.

(i) Permission granted under the provision of Article 21(2) of the Foreign Exchange and Foreign Trade Act (Act No. 228 of 1949); and

(ii) Notification made under the provision of Article 22(1)(iv) of the Foreign Exchange and Foreign Trade Act (limited to the case where the period during which the acquisition of the Shares, etc. pertaining to the notification is prohibited under the provision of Article 23(1) of that Act has already expired without receiving a recommendation with regard to the notification from the Minister of Finance provided in Article 23(2) of that Act or the case where said recommendation has been given with regard to the notification and the Bank, etc. has notified its acceptance of the recommendation under the provision of Article 23(4) of that Act).

(3) The provision of Article 16-2(2) of the New Banking Act as applied mutatis mutandis pursuant to Article 16-4(3) of the New Banking Act (including the cases where it is applied mutatis mutandis pursuant to Article 17 of the New Long-Term Credit Bank Act or Article 11 of the New Foreign Exchange Bank Act) shall apply to Shares, etc. acquired or held by a Bank, etc. in the case referred to in the preceding two paragraphs.

(4) A Bank, etc. which makes a notification under the provision of paragraph (1) or (2) shall be deemed to have obtained, at the time when this Act comes into effect, an authorization referred to in Article 16-4(1) of the New Banking Act (including the cases where it is applied mutatis mutandis pursuant to Article 17 of the New Long-Term Credit Bank Act or Article 11 of the New Foreign Exchange Bank Act; the same shall apply in the following paragraph) with regard to acquisition or holding of the Shares, etc. pertaining to the notification.

(5) An authorization, conditions on said authorization, an approval pertaining to said authorization or an application for said authorization granted, imposed or made before the Effective Date under the provision of Article 9(1) of the Banking Act before the revision by Article 1 (hereinafter referred to as the “Former

Banking Act”) (including the cases where it is applied mutatis mutandis pursuant to Article 17 of the Long-Term Credit Bank Act before the revision by Article 2 (hereinafter referred to as the “Former Long-Term Credit Bank Act”) or Article 11 of the Foreign Exchange Bank Act before the revision by Article 3 (hereinafter referred to as the “Former Foreign Exchange Bank Act”), or under Article 9(2) of the Former Banking Act (including the Cases where it is applied mutatis mutandis pursuant to Article 17 of the Former Long-Term Credit Bank Act or Article 11 of the Former Foreign Exchange Bank Act)) shall be deemed to be an authorization, conditions on said authorization, an approval pertaining to said authorization or an application for said authorization, imposed or made under Article 16-4(1) of the New Banking Act.

#### Article 32 (Transitional Measures Concerning Applications of Penal Provisions)

With regard to the application of penal provisions to acts committed before this Act comes into effect and acts committed after this Act comes into effect pertaining to matters to which the provisions then in force shall remain applicable under the provisions of these Supplementary Provisions, the provisions then in force shall remain applicable.

#### Article 33 (Delegation of Other Transitional Measures to Cabinet Order)

In addition to what is provided for in Article 2 to the preceding Article inclusive of these Supplementary Provisions, transitional measures necessary for the implementation of this Act shall be specified by a Cabinet Order.

#### Supplementary Provisions (Act No. 63 of June 14, 1993) (Extract)

This Act shall come into effect as from the day when the Act for Partial Revision of the Commercial Code, etc. comes into effect.

#### Supplementary Provisions (Act No. 94 of June 21, 1996) (Extract)

#### Article 1 (Effective Date)

This Act shall come into effect as from April 1, 1997; provided, however, that the provisions of paragraphs (1) and (2) of the following Article, Article 3(9) and (10), Article 9(7) and (8), Article 10(2) and (3), and Article 11 of these Supplementary Provisions shall come into effect as from the day of promulgation.

#### Article 2 (Transitional Measures for Partial Revision of the Banking Act)

(1) A Bank, Long-Term Credit Bank or foreign exchange bank may, even before the Effective Date, obtain the Minister of Finance’s authorization under the provision

of Article 17-2(1) of the Banking Act after the revision by Article 1 (hereinafter referred to as the “New Banking Act”) (including the cases where it is applied mutatis mutandis pursuant to Article 17 of the Long-Term Credit Bank Act after the revision by Article 2 (hereinafter referred to as the “New Long-Term Credit Bank Act” in this Article) or Article 11 of the Foreign Exchange Bank Act after the revision by Article 3 (hereinafter referred to as the “New Foreign Exchange Bank Act” in this Article)).

(2) With regard to a person who obtained the Minister of Finance’s authorization under the preceding paragraph, the authorization referred to in Article 17-2(1) of the New Banking Act (including the Cases where it is applied mutatis mutandis pursuant to Article 17 of the New Long-Term Credit Bank Act or Article 11 of the New Foreign Exchange Bank Act) shall be deemed to be granted at the time when this Act comes into effect.

(3) The provision of Article 26(2) of the New Banking Act (including the Cases where it is applied mutatis mutandis pursuant to Article 17 of the New Long-Term Credit Bank Act, Article 11 of the New Foreign Exchange Bank Act, Article 89 of the Shinkin Bank Act after the revision by Article 4 (hereinafter referred to as the “New Shinkin Bank Act”), Article 94 of the Labor Bank Act after the revision by Article 5 (hereinafter referred to as the “New Labor Bank Act”) and Article 6 of the Act on Financial Businesses by Cooperative after the revision by Article 7 (hereinafter referred to as the “New Act on Financial Businesses by Cooperative”)) shall apply to the cases where an order under Article 26(1) (including the Cases where it is applied mutatis mutandis pursuant to Article 17 of the New Long-Term Credit Bank Act, Article 11 of the New Foreign Exchange Bank Act, Article 89 of the New Shinkin Bank Act, Article 94 of the New Labor Bank Act and Article 6 of the New Act on Financial Businesses by Cooperative) (including a request for submission of an improvement plan) is given on or after April 1, 1998.

#### Article 12 (Transitional Measures Concerning Application of Penal Provisions)

With regard to the application of penal provisions to acts committed before the relevant revising provision in this Act comes into effect and acts committed pertaining to matters to which the provisions then in force shall remain applicable under these Supplementary Provisions after the relevant revising provision in this Act comes into effect, the provisions then in force shall remain applicable.

#### Article 13 (Delegation of Other Transitional Measures to Cabinet Order)

In addition to what is provided for in Article 2 to the preceding Article inclusive of these Supplementary Provisions, transitional measures necessary for the implementation of this Act shall be specified by a Cabinet Order.

Supplementary Provisions (Act No. 55 of May 21, 1997) (Extract)

Article 1 (Effective Date)

This Act shall come into effect as from June 1, 1997.

Supplementary Provisions (Act No. 72 of June 6, 1997) (Extract)

(1) (Effective Date)

This Act shall come into effect as from the day when the Act for Partial Revision of the Commercial Code, etc. (Act No. 71 of 1997) comes into effect.

(2) (Transitional Measures)

With regard to a merger for which the merger contract is entered into before this Act comes into effect, the provisions then in force shall remain applicable even after this Act comes into effect.

(3) (Transitional Measures Concerning Application of Penal Provisions)

With regard to the application of penal provisions to acts committed before this Act comes into effect and acts committed after this Act comes into effect the case where the provisions then in force shall remain applicable under the provisions of the preceding paragraph, the provisions in force before this Act comes into effect shall remain applicable.

Supplementary Provisions (Act No. 102 of June 20, 1997) (Extract)

Article 1 (Effective Date)

This Act shall come into effect as from the day when the Act for Establishment of the Financial Supervisory Agency (Act No. 101 of 1997) comes into effect.

Article 2 (Transitional Measures Concerning Dispositions, etc. Given by the Minister of Finance)

(1) A license, permission, authorization, approval, designation or other disposition, or a notice or other act granted, made, given or performed by the Minister of Finance or other national organ under the provisions of the Secured Bonds Trust Act, the Trust Business Act, the Norinchukin Bank Act, the Mutual Loan Business Act, the Act for Simplification of Works of Banks, etc., the Act on Provision, etc. of Trust Business by Financial Institutions, the Act on Prohibition of Private Monopolization and Maintenance of Fair Trade, the Agricultural Cooperatives Act, the Securities and Exchange Act, the Act on Non-Life Insurance Rating Organization of Japan, the Fisheries Cooperatives Act, the Small and Medium Sized Enterprise, etc., Cooperatives Act, the Act on Financial Businesses by Cooperative, the Ship Owner's Mutual Insurance Union Act, the Securities

Investment Trust Act, the Shinkin Bank Act, the Long-Term Credit Bank Act, the Loan Trust Act, the Loan Security Act for Small and Medium Sized Fishery Industry, the Credit Guarantee Corporation Act, the Labor Bank Act, the Foreign Exchange Bank Act, the Automobile Liability Security Act, the Agricultural Credit Guarantee Insurance Act, the Act on Financial Institutions' Merger and Conversion, the Act on Foreign Securities Brokers, the Deposit Insurance Act, the Act on the Promotion of Introduction of Industry into Agricultural Regions, the Agricultural and Fishery Cooperation Savings Insurance Act, the Banking Act, the Act on Controls, etc. on Money Lending, the Act on Regulation, etc. on Investment Advisory Business Pertaining to Securities, the Act on Regulation, etc. for Mortgage Corporations, the Financial Futures Trading Act, the Act on Regulation, etc. on Advanced Payment Certificate, the Act on Control for Business Pertaining to Commodity Investment, the Act on Special Provisions for the Narcotics and Psychotropics Control Act, etc. and Other Matters for the Prevention of Activities Encouraging Illicit Conduct and Other Activities Involving Controlled Substances through International Cooperation, the Act on Regulation of Businesses Concerning Specified Credits, etc., the Act Revising Acts Related to the Reform of the Financial and Securities Exchange Systems, the Act on Preferred Equity Investment by Act on Preferred Equity Investment by Cooperative Structured Financial Institution, the Real Estate Specified Joint Enterprise Act, the Insurance Business Act, the Act on Special Measures of Corporate Reorganization Proceedings and Other Insolvency Proceedings of Financial Institutions, the Act on Merger between the Norinchukin Bank and Prefectural Credit Federations of Agricultural Cooperatives, the Bank of Japan Act or the Act on Special Measures Concerning Procedures for Merger Involving Bank, etc. for Establishing Bank Holding Companies and Other Matters before the revision by this Act (hereinafter referred to as the "Former Secured Bonds Trust Act, etc.") shall be deemed to be a license, permission, authorization, approval, designation or other disposition, or a notice or other act granted, made, given or performed by the Prime Minister or other corresponding national organ pursuant to the corresponding provisions of the Secured Bonds Trust Act, the Trust Business Act, the Norinchukin Bank Act, the Mutual Loan Business Act, the Act for Simplification of Works of Banks, etc., the Act on Provision, etc. of Trust Business by Financial Institutions, the Act on Prohibition of Private Monopolization and Maintenance of Fair Trade, the Agricultural Cooperatives Act, the Securities and Exchange Act, the Act on Non-Life Insurance Rating Organization of Japan, the Fisheries Cooperatives Act, the Small and Medium Sized Enterprise, etc., Cooperatives Act, the Act on Financial Businesses by Cooperative, the Ship Owner's Mutual Insurance Union Act, the Securities Investment Trust Act, the Shinkin Bank Act, the Long-Term Credit Bank Act, the Loan Trust Act, the Loan Security Act for Small and Medium

Sized Fishery Industry, the Credit Guarantee Corporation Act, the Labor Bank Act, the Foreign Exchange Bank Act, the Automobile Liability Security Act, the Agricultural Credit Guarantee Insurance Act, the Act on Financial Institutions' Merger and Conversion, the Act on Foreign Securities Brokers, the Deposit Insurance Act, the Act on the Promotion of Introduction of Industry into Agricultural Regions, the Agricultural and Fishery Cooperation Savings Insurance Act, the Banking Act, the Act on Controls, etc. on Money Lending, the Act on Regulation, etc. on Investment Advisory Business Pertaining to Securities, the Act on Regulation, etc. for Mortgage Corporations, the Financial Futures Trading Act, the Act on Regulation, etc on Advanced Payment Certificate, the Act on Control for Business Pertaining to Commodity Investment, the Act on Special Provisions for the Narcotics and Psychotropics Control Act, etc. and Other Matters for the Prevention of Activities Encouraging Illicit Conduct and Other Activities Involving Controlled Substances through International Cooperation, the Act on Regulation of Businesses Concerning Specified Credits, etc., the Act Revising Acts Related to the Reform of the Financial and Securities Exchange Systems, the Act on Preferred Equity Investment by Act on Preferred Equity Investment by Cooperative Structured Financial Institution, the Real Estate Specified Joint Enterprise Act, the Insurance Business Act, the Act on Special Measures of Corporate Reorganization Proceedings and Other Insolvency Proceedings of Financial Institutions, the Act on Merger between the Norinchukin Bank and Prefectural Credit Federations of Agricultural Cooperatives, the Bank of Japan Act or the Act on Special Measures Concerning Procedures for Merger Involving Bank, etc. for Establishing Bank Holding Companies and Other Matters after the revision by this Act (hereinafter referred to as the "New Secured Bonds Trust Act, etc.")

- (2) An application, notification or other act having been filed or made to the Minister of Finance or other national organ under the provisions of the Former Secured Bonds Trust Act, etc. at the time when this Act comes into effect shall be deemed to be an application, notification or other act filed or made to the Prime Minister or other corresponding national organ pursuant to the corresponding provisions of the New Secured Bonds Trust Act, etc.
- (3) With regard to matters for which it is required to report, notify, or submit to, or take other procedure before, the Minister of Finance or other national organ under the provisions of the Former Secured Bonds Trust Act, etc. but has not been made before the day on which this Act comes into effect, the relevant provisions of the New Secured Bonds Trust Act, etc. shall apply by deeming the matter for which it is required to report, notify, or submit to, or take other procedure before the Prime Minister or other corresponding national organ pursuant to the corresponding provisions of the New Secured Bonds Trust Act, etc. not to have been made.

Article 5 (Transitional Measures Concerning Application of Penal Provisions)

With regard to the application of penal provisions to acts committed prior to the enforcement of this Act, the provisions then in force shall remain applicable.

Article 6 (Delegation to Cabinet Order)

In addition to what is provided for in Article 2 to the preceding Article inclusive of these Supplementary Provisions, transitional measures necessary for the implementation of this Act shall be specified by a Cabinet Order.

Supplementary Provisions (Act No. 117 of December 10, 1997) (Extract)

Article 1 (Effective Date)

This Act shall come into effect as from the date on which twenty days from the day of promulgation have elapsed.

Supplementary Provisions (Act No. 120 of December 12, 1997) (Extract)

Article 1 (Effective Date)

This Act shall come into effect as from the date specified by a Cabinet Order within a period not exceeding three months from the day of promulgation;

Article 10 (Review)

When five years have passed after this Act comes into effect, the government shall review systems pertaining to Bank Holding Companies as defined by Article 2(13) of the Banking Act after the revision by the provision of Article 1 (hereinafter referred to as the “New Banking Act”), Long-Term Credit Bank Holding Companies as defined by Article 16-4(1) of the Long-Term Credit Bank Act after the revision by the provision of Article 2 (hereinafter referred to as the “New Long-Term Credit Bank Act”) and insurance holding companies as defined by Article 2(16) of the Insurance Business Act after the revision by the provision of Article 4 (hereinafter referred to as the “New Insurance Business Act”) by taking into account the state of implementation of the New Banking Act, the New Long-Term Credit Bank Act and the New Insurance Business Act, changes in socioeconomic situations surrounding Banking Business and Insurance Business, and other relevant factors, and shall, when it finds it necessary, take necessary measures based on the findings of the review.

Supplementary Provisions (Act No. 121 of December 12, 1997) (Extract)

Article 1 (Effective Date)

This Act shall come into effect as from the day when the Act Revising Finance-Related Acts for Lifting the Ban on Establishment of Holding Companies and Other Matters (Act No. 120 of 1997) comes into effect.

Supplementary Provisions (Act No. 106 of June 15, 1998)

This Act shall come into effect as from the day when the Act on Liquidation of Specified Assets by Special Purpose Companies (Act No. 105 of 1998) comes into effect (September 1, 1998); provided, however, that the provision in Article 17 which is to revise Article 5 of the Supplementary Provisions to the Local Tax Act shall come into effect as from April 1, 1999.

Supplementary Provisions (Act No. 107 of June 15, 1998) (Extract)

Article 1 (Effective Date)

This Act shall come into effect as from December 1, 1998; provided, however, that the provisions listed in the following items shall come into effect as from the date prescribed respectively in those items.

- (i) The provisions in Article 1 which are to revise the Securities and Exchange Act by adding a new Chapter after Chapter 4 (limited to the part pertaining to Article 79-29(1)) and revising Article 189(2) and (4) of that Act, the provisions in Article 21, the provisions in Article 22 which are to revise Part II, Chapter 10, Section 2, Subsection 1 of the Insurance Business Act (limited to the part pertaining to Article 265-6), the provision of Article 23 and the provision of Article 25, and the provisions of Articles 40, 42, 58, 136, 140, 143, 147, 149, 158, 164 and 187 (excluding the provision for revising Article 4(lxxix) of the Act for Establishment of the Ministry of Finance (Act No. 144 of 1949)) and Articles 188 to 190 inclusive of these Supplementary Provisions: July 1, 1998

Article 102 (Transitional Measures for Partial Revision of the Banking Act and Other Acts)

- (1) The provision of Article 13(1) of the Banking Act after the revision by the provision of Article 10 (hereinafter referred to as the "New Banking Act") (including the Cases where it is applied mutatis mutandis pursuant to Article 17 of the Long-Term Credit Bank Act after the revision by the provision of Article 11 (hereinafter referred to as the "New Long-Term Credit Bank Act"), Article 89 of the Shinkin Bank Act after the revision by the provision of Article 13 (hereinafter referred to as the "New Shinkin Bank Act"), Article 94 of the Labor Bank Act after the revision by the provision of Article 14 (hereinafter referred to as the "New



Labor Bank Act”) and Article 6 of the Act on Financial Businesses by Cooperative after the revision by the provision of Article 16 (hereinafter referred to as the “New Act on Financial Businesses by Cooperative”) (hereinafter referred to as the “Cases where it is applied mutatis mutandis pursuant to Article 17 of the New Long-Term Credit Bank Act, etc.” in this Article to Article 105 inclusive of these Supplementary Provisions); hereinafter the same shall apply in this and the following paragraph) shall not apply, until the day on which one year has elapsed from the Effective Date, to Credit, etc. Granted (meaning Credit, etc. Granted as defined by Article 13(1) of the New Banking Act; hereinafter the same shall apply in this and the following paragraph) by a Bank (meaning a Bank as defined by Article 2(1) of the New Banking Act; hereinafter the same shall apply), Long-Term Credit Bank (meaning a Long-Term Credit Bank as defined by Article 2 of the New Long-Term Credit Bank Act; hereinafter the same shall apply), Shinkin Bank or federation of Shinkin Banks, labor bank or federation of labor banks, or credit cooperatives or Federation of Credit Cooperatives (meaning Federation of Credit Cooperatives as defined by Article 2(1) of the New Act on Financial Businesses by Cooperative; hereinafter the same shall apply) (hereinafter collectively referred to as the “Bank, etc.” in this Article to Article 105 inclusive of these Supplementary Provisions) to one person as defined by Article 13(1) of the New Banking Act of which the amount exceeds the Limit of Granting of Credit, etc. (meaning Limit of Granting of Credit, etc. as defined by Article 13(1) of the New Banking Act; hereinafter the same shall apply in this paragraph) at the time when this Act comes into effect, if the Bank, etc. notifies thereof to the Financial Reconstruction Commission (the Financial Reconstruction Commission or the Minister of Labor in the case of labor bank or federation of labor banks, or the administrative agency referred to in Article 7(1) of the New Act on Financial Businesses by Cooperative in the case of credit cooperatives or Federation of Credit Cooperatives; hereinafter the same shall apply in this and the following paragraph) until the day on which three months have elapsed from the Effective Date. In this case, where it is likely that if the Bank, etc. does not continue granting of credit, etc. in excess of the Limit of Granting of Credit, etc. to the one person even after the day on which one year has elapsed from the Effective Date, it would significantly hinder the continuation of the business of the one person, or where there is other unavoidable reason, and when the Bank, etc. obtains an approval from the Financial Reconstruction Commission before that day, the Bank, etc. shall be deemed to obtain the approval referred to in the proviso to Article 13(1) of the New Banking Act on the day after that day.

- (2) The provision of Article 13(2) of the New Banking Act (including the Cases where it is applied mutatis mutandis pursuant to Article 17 of the New Long-Term Credit Bank Act, etc.; hereinafter the same shall apply in this paragraph) shall not apply,

until the day on which one year has elapsed from the Effective Date, to Credit, etc. Granted by a Bank, etc. and its Subsidiary Companies, etc. (meaning Subsidiary Companies, etc. as defined by Article 13(2) of the New Banking Act; hereinafter the same shall apply in this paragraph) or by its Subsidiary Companies, etc., to one person as defined by Article 13(1) of the New Banking Act of which the total amount exceeds the Consolidated Limit of Granting of Credit, etc. (meaning consolidated Limit of Granting of Credit, etc. as defined by Article 13(2) of the New Banking Act; hereinafter the same shall apply in this paragraph) at the time when this Act comes into effect, if the Bank, etc. notifies thereof to the Financial Reconstruction Commission by the day on which three months have elapsed from the Effective Date. In this case, where it is likely that if the Bank, etc. and the Subsidiary Companies, etc., or the Subsidiary Companies, etc., do not continue granting of credit, etc. of which the total amount exceeds the Consolidated Limit of Granting of Credit, etc. to the one person even after the day on which one year has elapsed from the Effective Date, it would significantly hinder the continuation of the business of the one person, or where there is other unavoidable reason, and when the Bank, etc. obtains an approval from the Financial Reconstruction Commission before that day, the Bank, etc. shall be deemed to obtain the approval referred to in the proviso to Article 13(1) of the New Banking Act as applied mutatis mutandis pursuant to the second sentence of Article 13(2) of that Act on the day after that day.

- (3) The provision of Article 52-6(1) of the New Banking Act (including the cases where it is applied mutatis mutandis pursuant to Article 17 of the New Long-Term Credit Bank Act; hereinafter the same shall apply in this paragraph) shall not apply, until the day on which one year has elapsed from the Effective Date, to Credit, etc. Granted (meaning Credit, etc. Granted as defined by Article 52-6(1) of the New Banking Act; hereinafter the same shall apply in this paragraph) by a Bank Holding Company as defined by Article 2(11) of the New Banking Act (hereinafter referred to as a “Bank Holding Company” in this paragraph) and/or its Subsidiary Companies, etc. (meaning Subsidiary Companies, etc. as defined by 52-6(1) of the New Banking Act; hereinafter the same shall apply in this paragraph), or by a Long-Term Credit Bank Holding Company as defined by Article 16-4(1) of the New Long-Term Credit Bank Act (hereinafter referred to as a “Long-Term Credit Bank Holding Company” in this paragraph) and/or its Subsidiary Companies, etc., to one person as defined by Article 52-6(1) of the New Banking Act of which the total amount exceeds the Limit of Granting of Credit, etc. by Bank Holding Company (meaning Limit of Granting of Credit, etc. by Bank Holding Company as defined by Article 52-6(1) of the New Banking Act; hereinafter the same shall apply in this paragraph) at the time when this Act comes into effect, if the Bank Holding Company or the Long-Term Credit Bank

Holding Company (hereinafter collectively referred to as a “Bank Holding Company, etc.” in this paragraph and Article 105 of these Supplementary Provisions) notifies thereof to the Financial Reconstruction Commission by the day on which three months have elapsed from the Effective Date. In this case, where it is likely that if the Bank Holding Company and/or its Subsidiary Companies, etc., or Long-Term Credit Bank Holding Company and/or its Subsidiary Companies, etc., do not continue granting of credit, etc. of which the total amount exceeds the Limit of Granting of Credit, etc. by Bank Holding Company to the one person even after the day on which one year has elapsed from the Effective Date, it would significantly hinder the continuation of the business of the one person, or where there is other compelling reason, and when the Bank Holding Company, etc. obtains an approval from the Prime Minister before that day, the Bank Holding Company, etc. shall be deemed to have obtained the approval referred to in the proviso to Article 52-6(1) of the New Banking Act on the day after that day.

#### Article 103

The provision of Article 13-2 of the New Banking Act (including the Cases where it is applied mutatis mutandis pursuant to Article 17 of the New Long-Term Credit Bank Act, etc.) shall apply to a transaction or act conducted by a Bank, etc. on or after the Effective Date, and the provisions then in force shall remain applicable to a transaction or act conducted by a Bank, etc. before the Effective Date.

#### Article 104

- (1) The provision of Article 16-2(1) of the New Banking Act shall not apply, until the day on which one year has elapsed from the Effective Date, to a company that is not a company eligible for Subsidiary Company as defined by that provision but has been a Subsidiary Company (meaning a Subsidiary Company as defined by Article 2(8) of the New Banking Act; hereinafter the same shall apply in this Article) of a Bank at the time when this Act comes into effect, if the Bank notifies thereof to the Financial Reconstruction Commission by the day on which three months have elapsed from the Effective Date.
- (2) A Bank which has made a notification under the preceding paragraph shall, when the company that is not a company eligible for Subsidiary Company ceases to be its Subsidiary Company, notify to that effect to the Financial Reconstruction Commission without delay.
- (3) Until the date specified by a Cabinet Order which shall not be later than March 31, 2001, the term “Insurance Companies as defined by Article 2(2) (Definitions) of the Insurance Business Act” in Article 16-2(1)(iv) of the New Banking Act shall be deemed to be replaced with “Among Insurance Companies as defined by Article

2(2) (Definitions) of the Insurance Business Act, those falling under the category of bankrupt Insurance Companies as defined by Article 260(2) of the Insurance Business Act.”

- (4) An authorization referred to in Article 16-2(1) or 16-3(1) (including the cases where it is applied mutatis mutandis pursuant to Article 16-3(2)) of the Banking Act before the revision by Article 10 (hereinafter referred to as the “Former Banking Act”) (including an approval pertaining to the authorization as referred to in the proviso to Article 55(1) of the Former Banking Act) or conditions on said authorization granted or imposed before the Effective Date under these provisions by the Prime Minister, or an application for said authorization filed before the Effective Date under these provisions shall be deemed to be an authorization referred to in Article 16-2(4) (including the cases where it is applied mutatis mutandis pursuant to Article 16-2(6) of the New Banking Act; hereinafter the same shall apply in this paragraph) of the New Banking Act (including an approval pertaining to said authorization as referred to in the proviso to Article 55(1) of the New Banking Act) or conditions on said authorization granted or imposed under the provision of Article 16-2(4) of the New Banking Act by the Prime Minister or an application for said authorization filed under the provision of Article 16-2(4) of the New Banking Act.
- (5) A Bank shall, when it has had a Bank, etc. eligible for Subsidiary Company referred to in Article 16-2(4) of the New Banking Act (excluding a company of which shares or equity have been held by the Bank under the authorization referred to in Article 16-2(1) or 16-3(1) of the Former Banking Act; the same shall apply in the following paragraph) as its Subsidiary Company at the time when this Act comes into effect, notify to that effect to the Prime Minister by the day on which three months have elapsed from the Effective Date.
- (6) A Bank which has made a notification under the preceding paragraph shall be deemed to have obtained, on the Effective Date, the authorization for having the Bank, etc. eligible for Subsidiary Company for which said notification has been made as its Subsidiary Company under the provision of Article 16-2(4) of the New Banking Act.
- (7) The provision of Article 16-3(1) of the New Banking Act shall not apply, until the day on which one year has elapsed from the Effective Date, to holding of Shares, etc. (meaning Shares, etc. as defined by Article 2(7) of the New Banking Act; hereinafter the same shall apply in this paragraph) of a domestic company (meaning domestic company as defined by Article 16-3(1) of the New Banking Act; hereinafter the same shall apply in this paragraph) by a Bank and/or its Subsidiary Companies of which the total number exceeds the Threshold on Holding of Shares, etc. (meaning the Threshold on Holding of Shares, etc. as defined by Article 16-3(1) of the New Banking Act; hereinafter the same shall

apply in this paragraph) at the time when this Act comes into effect, if the Bank notifies thereof to the Financial Reconstruction Commission by the day on which three months have elapsed from the Effective Date. In this case, after the day on which one year has elapsed from the Effective Date, the provision of Article 16-3 of the New Banking Act shall apply to such holding of Shares, etc. in the Domestic Company by deeming that the Bank and/or the Subsidiary Companies acquire, on that day, the Shares, etc. in the Domestic Company in excess of the Threshold on Holding of Shares, etc. by a cause provided by the main clause of Article 16-3(2) of the New Banking Act.

#### Article 105

- (1) The provisions of Article 19(2) and (3) of the New Banking Act (excluding the part pertaining to interim business report referred to in Article 19(2) of the New Banking Act) (including the cases where these provisions are applied mutatis mutandis pursuant to Article 17 of the New Long-Term Credit Bank Act, etc.) and Article 21(1) to (3) inclusive (including the cases where these provisions are applied mutatis mutandis pursuant to Article 17 of the New Long-Term Credit Bank Act, etc.), the provisions of Article 20(2) and Article 52-11 (excluding the part pertaining to interim business report referred to in Article 52-11(1) of the New Banking Act) of the New Banking Act (including the cases where these provisions are applied mutatis mutandis pursuant to Article 17 of the New Long-Term Credit Bank Act, etc.) and the provisions of Article 52-12 and Article 52-13(1) and (2) of the New Banking Act (including the cases where these provisions are applied mutatis mutandis pursuant to Article 17 of the New Long-Term Credit Bank Act, etc.) shall apply to documents referred to in these provisions of a Bank, etc. or Bank Holding Company, etc. pertaining to the Business Year or fiscal year starting on or after April 1, 1998, and the provisions then in force shall remain applicable to the balance sheet or other documents of a Bank, etc. or Bank Holding Company, etc. pertaining to the Business Year or fiscal year starting before that date.
- (2) The provisions of Article 19(2) and (3) (limited to the part pertaining to interim business report referred to in Article 19(2) of the New Banking Act) of the New Banking Act (including the cases where these provisions are applied mutatis mutandis pursuant to Article 17 of the New Long-Term Credit Bank Act, etc.) and Article 52-11 (limited to the part pertaining to interim business report referred to in Article 52-11(1) of the New Banking Act) of the New Banking Act (including the Cases where it is applied mutatis mutandis pursuant to Article 17 of the New Long-Term Credit Bank Act, etc.) shall apply to the interim business report of a Bank, Long-Term Credit Bank or Bank Holding Company, etc. pertaining to the fiscal year starting on or after April 1, 1999, and the provisions then in force shall

remain applicable to the interim business report of a Bank Holding Company, etc. pertaining to the Business Year or fiscal year starting before that date.

#### Article 147 (Delegation of Authority)

- (1) The Prime Minister shall delegate his/her authorities (excluding those specified by a Cabinet Order) under these Supplementary Provisions to the Commissioner of the Financial Services Agency.
- (2) Part of the authority delegated to the Commissioner of the Financial Services Agency under the preceding paragraph and part of the authority delegated to the Minister of Agriculture, Forestry and Fisheries and the Minister of Health, Labour and Welfare under the provisions of these Supplementary Provisions may be delegated to the Directors-General of Local Finance Bureaus or Local Finance Branch Bureaus (or heads of local branch offices in case of the authorities delegated to the Minister of Agriculture, Forestry and Fisheries and the Minister of Health, Labour and Welfare), pursuant to the provisions of a Cabinet Order.

#### Article 188 (Effect of Dispositions, etc.)

Dispositions given or procedures made or other acts performed before this Act comes into effect (with regard to the provisions listed in each item of Article 1 of these Supplementary Provisions, before those provisions come into effect) under the provisions of respective Acts before the revision by this Act (including orders issued thereunder; hereinafter the same shall apply in this Article), for which the corresponding provisions exist in the provisions of the respective Acts after the revision by this Act, shall be deemed to have been given, made or performed under the corresponding provisions of the respective Acts after the revision, except as otherwise provided by these Supplementary Provisions.

#### Article 189 (Transitional Measures Concerning Application of Penal Provisions)

With regard to the application of penal provisions to acts committed before this Act comes into effect (with regard to the provisions listed in each item of Article 1 of these Supplementary Provisions, before those provisions come into effect) and acts committed after this Act comes into effect in the case where the provisions then in force shall remain applicable to those acts under the provision of these Supplementary Provisions and where the provisions relevant to those acts shall remain in force under the provision of these Supplementary Provisions, the provisions then in force shall remain applicable.

#### Article 190 (Delegation of Other Transitional Measures to Cabinet Order)

In addition to what is provided for in Articles 2 to 146 inclusive and Articles 153, 169 and the preceding Article of these Supplementary Provisions, transitional

measures necessary for the implementation of this Act shall be specified by a Cabinet Order.

#### Article 191 (Review)

- (1) When the government finds it necessary by taking into consideration the state of implementation of systems pertaining to special measures, etc. to protect policyholders, etc. under the provisions of the New Insurance Business Act, the state of soundness of management of Insurance Companies, and other relevant factors, it shall take measures necessary for maintaining the reliability of Insurance Business even after this Act comes into effect.
- (2) In addition to what is provided for in the preceding paragraph, the government shall review financial systems after the revision by this Act, within five years after this Act comes into effect, by taking into account the state of implementation of provisions revised by this Act, changes in the socioeconomic conditions surrounding financial systems and other relevant factors, and shall, if it finds it necessary, take necessary measures based on the findings of the review.

#### Supplementary Provisions (Act No. 131 of October 16, 1998)

#### Article 1 (Effective Date)

This Act shall come into effect as from the day when the Act for Establishment of the Financial Reconstruction Commission (Act No. 130 of 1998) comes into effect.

#### Article 2 (Transitional Measures)

- (1) A license, permission, authorization, approval, designation or other disposition, or a notice or other act granted, made, given or performed by the Prime Minister or other national organ under the provisions of the Secured Bonds Trust Act, the Trust Business Act, the Norinchukin Bank Act, the Mutual Loan Business Act, the Act for Simplification of Works of Banks, etc., the Act on Provision, etc. of Trust Business by Financial Institutions, the Act on Prohibition of Private Monopolization and Maintenance of Fair Trade, the Agricultural Cooperatives Act, the Securities and Exchange Act, the Act on Non-Life Insurance Rating Organization of Japan, the Fisheries Cooperatives Act, the Small and Medium Sized Enterprise, etc., Cooperatives Act, the Act on Financial Businesses by Cooperative, the Ship Owner's Mutual Insurance Union Act, the Local Tax Act, the Act on Securities Investment Trust and Securities Investment Corporations, the Shinkin Bank Act, the Long-Term Credit Bank Act, the Loan Trust Act, the Loan Security Act for Small and Medium Sized Fishery Industry, the Credit Guarantee Corporation Act, the Labor Bank Act, the Automobile Liability Security Act, the Agricultural Credit Guarantee Insurance Act, the Act on Earthquake Insurance,

the Registration and License Tax Act, the Act on Financial Institutions' Merger and Conversion, the Act on Foreign Securities Brokers, the Act on the Promotion of Introduction of Industry into Agricultural Regions, the Agricultural and Fishery Cooperation Savings Insurance Act, the Banking Act, the Act on Controls, etc. on Money Lending, the Act on Regulation, etc. on Investment Advisory Business Pertaining to Securities, the Act on Regulation, etc. for Mortgage Corporations, the Financial Futures Trading Act, the Act on Regulation, etc. on Advanced Payment Certificate, the Act on Control for Business Pertaining to Commodity Investment, the Act on Special Provisions for the Narcotics and Psychotropics Control Act, etc. and Other Matters for the Prevention of Activities Encouraging Illicit Conduct and Other Activities Involving Controlled Substances through International Cooperation, the Act on Regulation of Businesses Concerning Specified Credits, etc., the Act Revising Acts Related to the Reform of the Financial and Securities Exchange Systems, the Act on Preferred Equity Investment by Act on Preferred Equity Investment by Cooperative Structured Financial Institution, the Real Estate Specified Joint Enterprise Act, the Insurance Business Act, the Act on Special Measures of Corporate Reorganization Proceedings and Other Insolvency Proceedings of Financial Institutions, the Act on Merger between the Norinchukin Bank and Prefectural Credit Federations of Agricultural Cooperatives, the Bank of Japan Act, the Act on Special Measures Concerning Procedures for Merger Involving Bank, etc. for Establishing Bank Holding Companies and Other Matters, the Act on Liquidation of Specified Assets by Special Purpose Companies, or the Act Revising Acts Related to the Reform of the Financial System before the revision by this Act (hereinafter referred to as the "Former Secured Bonds Trust Act, etc.") shall be deemed to be a license, permission, authorization, approval, designation or other disposition, or a notice or other act granted, made, given or performed by the Financial Reconstruction Commission or other corresponding national organ pursuant to the corresponding provisions of the Secured Bonds Trust Act, the Trust Business Act, the Norinchukin Bank Act, the Mutual Loan Business Act, the Act for Simplification of Works of Banks, etc., the Act on Provision, etc. of Trust Business by Financial Institutions, the Act on Prohibition of Private Monopolization and Maintenance of Fair Trade, the Agricultural Cooperatives Act, the Securities and Exchange Act, the Act on Non-Life Insurance Rating Organization of Japan, the Fisheries Cooperatives Act, the Small and Medium Sized Enterprise, etc., Cooperatives Act, the Act on Financial Businesses by Cooperative, the Ship Owner's Mutual Insurance Union Act, the Local Tax Act, the Act on Securities Investment Trust and Securities Investment Corporations, the Shinkin Bank Act, the Long-Term Credit Bank Act, the Loan Trust Act, the Loan Security Act for Small and Medium Sized Fishery Industry, the Credit Guarantee Corporation Act, the Labor Bank Act,



the Automobile Liability Security Act, the Agricultural Credit Guarantee Insurance Act, the Act on Earthquake Insurance, the Registration and License Tax Act, the Act on Financial Institutions' Merger and Conversion, the Act on Foreign Securities Brokers, the Act on the Promotion of Introduction of Industry into Agricultural Regions, the Agricultural and Fishery Cooperation Savings Insurance Act, the Banking Act, the Act on Controls, etc. on Money Lending, the Act on Regulation, etc. on Investment Advisory Business Pertaining to Securities, the Act on Regulation, etc. for Mortgage Corporations, the Financial Futures Trading Act, the Act on Regulation, etc. on Advanced Payment Certificate, the Act on Control for Business Pertaining to Commodity Investment, the Act on Special Provisions for the Narcotics and Psychotropics Control Act, etc. and Other Matters for the Prevention of Activities Encouraging Illicit Conduct and Other Activities Involving Controlled Substances through International Cooperation, the Act on Regulation of Businesses Concerning Specified Credits, etc., the Act Revising Acts Related to the Reform of the Financial and Securities Exchange Systems, the Act on Preferred Equity Investment by Act on Preferred Equity Investment by Cooperative Structured Financial Institution, the Real Estate Specified Joint Enterprise Act, the Insurance Business Act, the Act on Special Measures of Corporate Reorganization Proceedings and Other Insolvency Proceedings of Financial Institutions, the Act on Merger between the Norinchukin Bank and Prefectural Credit Federations of Agricultural Cooperatives, the Bank of Japan Act, the Act on Special Measures Concerning Procedures for Merger Involving Bank, etc. for Establishing Bank Holding Companies and Other Matters, the Act on Liquidation of Specified Assets by Special Purpose Companies, or the Act Revising Acts Related to the Reform of the Financial System after the revision by this Act (hereinafter referred to as the "New Secured Bonds Trust Act, etc.")

- (2) An application, notification or other act having been filed or made to the Prime Minister or other national organ under the provisions of the Former Secured Bonds Trust Act, etc. at the time when this Act comes into effect shall be deemed to be an application, notification or other act filed or made to the Financial Reconstruction Commission or other corresponding national organ pursuant to the corresponding provisions of the New Secured Bonds Trust Act, etc.
- (3) With regard to a matter for which it is required to report, notify, or submit to, or take other procedure to the Prime Minister or other national organ under the provisions of the Former Secured Bonds Trust Act, etc. but has not been made before the day on which this Act comes into effect, the relevant provisions of the New Secured Bonds Trust Act, etc. shall apply by deeming the matter for which it is required to report, notify, or submit to, or take other procedure before the Financial Reconstruction Commission or other corresponding national organ pursuant to the corresponding provisions of the New Secured Bonds Trust Act, etc.

not to have been made.

#### Article 3

An order issued under the provision of the Former Secured Bonds Trust Act, etc. which is in force at the time when this Act comes into effect shall remain in force as an order issued under the corresponding provisions of the New Secured Bonds Trust Act, etc.

#### Article 4

With regard to the application of penal provisions to acts committed prior to the enforcement of this Act, the provisions then in force shall remain applicable.

#### Article 5 (Delegation to Cabinet Order)

In addition to what is provided for in the preceding three Articles, transitional measures necessary for the implementation of this Act shall be specified by a Cabinet Order.

### Supplementary Provisions (Act No. 125 of August 13, 1999) (Extract)

#### Article 1 (Effective Date)

This Act shall come into effect as from the date specified by a Cabinet Order within a period not exceeding six months from the day of promulgation; provided, however, that the provisions in Article 1 which are to revise Articles 285-4, 285-5(2), 285-6(2) and (3), 290(1) and 293-5(3) of the Commercial Code, and the provisions in Article 6 of these Supplementary Provisions which are to revise Articles 23(3) and 24(1) of the Norinchukin Bank Act (Act No. 42 of 1923), the provisions in Article 7 of these Supplementary Provisions which are to revise Articles 39-3(3) and 40-2(1) of the Shoko Chukin Bank Act (Act No. 14 of 1936), the provision in Article 9 of these Supplementary Provisions which is to revise Article 52(1) of the Agricultural Cooperatives Act (Act No. 132 of 1947), the provisions in Article 10 of these Supplementary Provisions which are to revise Article 53(3) of the Securities and Exchange Act (Act No. 25 of 1948) and to delete Article 53(4) of that Act, the provision in Article 11 of these Supplementary Provisions which is to revise Article 56(1) of the Fisheries Cooperatives Act (Act No. 242 of 1948), the provisions in Article 12 of these Supplementary Provisions which are to add a new Article after Article 5-5 of the Act on Financial Businesses by Cooperative (Act No. 83 of 1949) and to revise Article 12(1) of that Act, the provision in Article 13 of these Supplementary Provisions which is to revise Article 42(1) of the Ship Owner's Mutual Insurance Union Act (Act No. 177 of 1950), the provisions in Article 16 of these Supplementary Provisions which are to revise Articles 55-3(3) and 57(1) of the

Shinkin Bank Act (Act No. 238 of 1951), the provision in Article 18 of these Supplementary Provisions which is to revise Article 61(1) of the Labor Bank Act (Act No. 227 of 1953), the provisions in Article 23 of these Supplementary Provisions which are to revise Article 17-2(3) of the Banking Act (Act No. 59 of 1981) and to delete Article 17-2(4) of that Act, the provisions of Article 26 of these Supplementary Provisions, the provisions in Article 27 of these Supplementary Provisions which are to add a new paragraph to Article 15 of the Insurance Business Act (Act No. 105 of 1995), to revise Articles 55(1) and (2), 112(1) and 112-2(3) of that Act, to delete Article 112-2(4), to revise Articles 115(2), 118(1), 119 and 199 of that Act, and to delete Articles 59(2) and 90(2) of the Supplementary Provisions to that Act, the provision in Article 29 of these Supplementary Provisions which is to revise Article 7(2) of the Act on Special Measures under the Commercial Code Concerning Procedures for Canceling Shares (Act No. 55 of 1997) and the provisions in Article 31 of these Supplementary Provisions which are to revise Articles 101(1) and 102(3) of the Act on Liquidation of Specified Assets by Special Purpose Companies (Act No. 105 of 1998), shall come into effect as from April 1, 2000.

#### Article 2 (Transitional Measures Concerning Audit Report)

With regard to matters to be stated in the audit report to be prepared for the Business Year ending before this Act comes in force, the provisions then in force shall remain applicable. With regard to matters to be stated in the audit report to be prepared by a Norinchukin Bank, agricultural cooperative, federation of agricultural cooperatives, fisheries cooperative, federation of fisheries cooperatives, fishery processing cooperative and federation of fishery processing cooperatives, credit cooperative and Federation of Credit Cooperatives (meaning a Federation of Credit Cooperatives that conducts business set forth in Article 9-9(1)(i) of the Small and Medium Sized Enterprise, etc., Cooperatives Act (Act No. 181 of 1949); the same shall apply in the following Article), Shinkin Bank and federation of Shinkin Banks, labor bank and federation of labor banks, and Mutual Company (meaning a Mutual Company as defined by Article 2(5) of the Insurance Business Act; the same shall apply in the following Article) for the Business Year ending before this Act comes in force.

#### Article 3 (Transitional Measures Concerning Valuation of Monetary Claims, etc.)

With regard to valuation of monetary claims, company bonds and other bonds as well as shares and other equity acquired by making contribution (hereinafter referred to as "Valuation of Monetary Claims, etc." in this Article) for the accounting period pertaining to the Business Year starting before the revising provisions listed in the proviso to Article 1 of these Supplementary Provisions come into effect, the provisions in force before this Act comes into effect shall remain. The same shall

apply to the Valuation of Monetary Claims, etc. listed in the following items:

- (i) Valuation of Monetary Claims, etc. of Norinchukin Bank, Shoko Chukin Bank Act, agricultural cooperative, federation of agricultural cooperatives, fisheries cooperative, federation of fisheries cooperatives, fishery processing cooperative and federation of fishery processing cooperatives, credit cooperative and Federation of Credit Cooperatives, ship owner's mutual insurance union, Shinkin Bank and federation of Shinkin Banks, and labor bank and federation of labor banks at the end of the Business Year starting before the revising provisions listed in the proviso to Article 1 of these Supplementary Provisions come into effect;
- (ii) Valuation of Monetary Claims, etc. of a securities investment corporation (meaning a securities investment corporation as defined by Article 2(11) of the Act on Securities Investment Trust and Securities Investment Corporations (Act No. 198 of 1951)) for the Operating Period (meaning an Operating Period as defined by Article 133(2) of that Act) of the Business Year starting before the revising provisions listed in the proviso to Article 1 of these Supplementary Provisions come into effect; and
- (iii) Valuation of Monetary Claims, etc. of a Mutual Company for the accounting period pertaining to the Business Year starting before the revising provisions listed in the proviso to Article 1 of these Supplementary Provisions come into effect

Supplementary Provisions (Act No. 160 of December 22, 1999) (Extract)

Article 1 (Effective Date)

This Act (excluding Articles 2 and 3) shall come into effect as from January 6, 2001; provided, however, that the provisions listed in the following items shall come into effect as from the date prescribed respectively in those items:

- (ii) Chapter 3 (excluding Articles 3) and the following Article: July 1, 2000

Supplementary Provisions (Act No. 225 of December 22, 1999) (Extract)

Article 1 (Effective Date)

This Act shall come into effect as from the date specified by a Cabinet Order within a period not exceeding six months from the day of promulgation.

Article 25 (Transitional Measures for Partial Revision of the Civil Code)

In the cases where a petition for commencement of composition proceedings filed before this Act comes into effect or where a ruling for commencement of composition proceedings is given based on such a petition before or after this Act comes into

effect, with regard to treatment of matters provided for in any of the legal provisions listed in the following items that pertains to the petition or the ruling, the provisions then in force shall remain applicable, notwithstanding these provisions after the revision by these Supplementary Provisions:

- (i) Article 398-3(2) of the Civil Code;
- (ii) Article 33-12-3(1)(i)(c) of the Mariners' Insurance Act;
- (iii) Articles 59(3) and 68-3(2) of the Agricultural and Fishery Cooperation Savings Insurance Act;
- (iv) Article 22-2(1)(i)(c) of the Employment Insurance Act;
- (v) Article 135-36 of the Non-Contentious Cases Procedures Act;
- (vi) Article 309-2(1)(ii) and Article 383(1) and (2) of the Commercial Code;
- (vii) Articles 54(1)(vii), 64-10(1) and 79-53(1)(ii) of the Securities and Exchange Act;
- (viii) Article 2(3)(i) of the Small and Medium-sized Enterprise Credit Insurance Act;
- (ix) Articles 20(2), 24, 37(1), 38(iv), 67(1), 78(1)(ii) to (iv) inclusive, 79(2), 80(1) and 163(ii) and (iv) of the Corporate Reorganization Act;
- (x) Article 30 of the Act on Management of Claims held by the State and Other Matters;
- (xi) Article 27(1)(v) of the Installment Sales Act;
- (xii) Articles 22(1)(viii) and 33(1) of the Act on Foreign Securities Brokers;
- (xiii) Rows 12 and 17(d) of appended table 1 of the Act on the Cost of Civil Procedure;
- (xiv) Article 36(1)(v) of the Advanced-Installment-Type Building Lots and Buildings Sales Business Act;
- (xv) Article 2(2)(i) of the Act on Mutual Relief System for the Prevention of Bankruptcies of Small and Medium-sized Enterprises;
- (xvi) Article 46(1) of the Banking Act;
- (xvii) Article 111(4)(ii) of the Act on Liquidation of Specified Assets by Special Purpose Companies;
- (xviii) Articles 66, 151 and 271(1) of the Insurance Business Act;
- (xix) Articles 24(1), 26, 27, 31, 45, 48(1)(ii) to (iv) inclusive and 49(1) of the Act on Special Measures of Corporate Reorganization Proceedings and Other Insolvency Proceedings of Financial Institutions, etc.; and
- (xx) Article 40(1) and (3) of the Act for Punishment of Organized Crimes, Control of Crime Proceeds and Other Matters

#### Article 26 (Transitional Measures Concerning Application of Penal Provisions)

With regard to the application of penal provisions to acts committed before this Act comes into effect and acts committed after this Act comes into effect the case

where the provisions then in force shall remain applicable pursuant to these Supplementary Provisions, the provisions in force before this Act comes into effect shall remain applicable.

#### Supplementary Provisions (Act No. 91 of May 31, 2000)

##### 1 (Effective Date)

This Act shall come into effect as from the day when the Act for Partial Revision of the Commercial Code, etc. (Act No. 90 of 2000) comes into effect.

##### 2 (Transitional Measures)

Where this Act comes into effect before the date when Article 8 of the Supplementary Provisions of the Act on the Center for Food Quality, Labeling and Consumer Services (Act No. 183 of 1999) comes into effect, the term "Article 27" in the provisions in Article 31 to revise Article 19-5-2, Article 19-6(1)(iv), and Article 27 of the Act on Standardization and Proper Quality Labeling of Agricultural and Forestry Products shall be deemed to be replaced with "Article 26."

#### Supplementary Provisions (Act No. 96 of May 31, 2000) (Extract)

##### Article 1 (Effective Date)

This Act shall come into effect as from December 1, 2000 (hereinafter referred to as the "Effective Date").

##### Article 49 (Effect of Dispositions, etc.)

Dispositions given or procedures made or other acts performed before this Act comes into effect (with regard to the provisions listed in each item of Article 1 of these Supplementary Provisions, before those provisions come into effect) under the provisions of respective Acts before the revision by this Act, for which the corresponding provisions exist in the provisions of the respective Acts after the revision by this Act, shall be deemed to have been given, made or performed under the corresponding provisions of the respective Acts after the revision, except as otherwise provided by these Supplementary Provisions.

##### Article 50 (Transitional Measures Concerning Application of Penal Provisions)

With regard to the application of penal provisions to acts committed prior to the enforcement of this Act, the provisions then in force shall remain applicable.

##### Article 51 (Delegation of Other Transitional Measures to Cabinet Order)

In addition to what is provided for in Articles 2 to 11 inclusive and the preceding Article of these Supplementary Provisions, transitional measures necessary for the implementation of this Act shall be specified by a Cabinet Order.

#### Article 52 (Review)

When five years have passed since after this Act comes into effect, the government shall review systems pertaining to securities exchanges as defined by Article 2(16) of the New Securities and Exchange Act and financial futures exchanges as defined by Article 2(6) of the New Financial Futures Trading Act by taking into account the state of implementation of the New Securities and Exchange Act and the New Financial Futures Trading Act, changes in socioeconomic situations and other relevant factors, and shall, when it finds it necessary, take necessary measures based on the findings of the review.

#### Supplementary Provisions (Act No. 97 of May 31, 2000) (Extract)

#### Article 1 (Effective Date)

This Act shall come into effect as from the date specified by a Cabinet Order within a period not exceeding six months from the day of promulgation (hereinafter referred to as the “Effective Date”).

#### Article 50 (Partial Revision of the Banking Act)

(1) Omitted

(2) With regard to application of Article 10(7) of the Banking Act after the revision by the preceding paragraph, old Special Purpose Companies and Asset Securitization Plans and Specified Company Bonds pertaining to old Special Purpose Companies shall be deemed to be Special Purpose Companies and Asset Securitization Plans and Specified Company Bonds pertaining to Special Purpose Companies as provided for by the New Act on Liquidation of Assets.

#### Article 64 (Effect of Dispositions, etc.)

Dispositions given or procedures made or other acts performed before this Act comes into effect (with regard to the provisions listed in the proviso to Article 1 of these Supplementary Provisions, before those provisions come into effect) under the provisions of respective Acts before the revision by this Act (including orders issued thereunder; hereinafter the same shall apply in this Article), for which the corresponding provisions exist in the provisions of the respective Acts after the revision by this Act, shall be deemed to have been given, made or performed under the corresponding provisions of the respective Acts after the revision, except as otherwise provided by these Supplementary Provisions.

#### Article 65 (Transitional Measures Concerning Application of Penal Provisions)

With regard to the application of penal provisions to acts committed before this

Act comes into effect (with regard to the provisions listed in each item of Article 1 of these Supplementary Provisions, before those provisions come into effect) and acts committed after this Act comes into effect the case where the provisions then in force shall remain applicable pursuant to these Supplementary Provisions, the provisions then in force shall remain applicable.

#### Article 66

With regard to the application of provisions of the Act for Punishment of Organized Crimes, Control of Crime Proceeds and Other Matters after the revision by Article 62 of these Supplementary Provisions (hereinafter referred to as the “New Act for Punishment of Organized Crimes” in this Article) (excluding the penal provisions that are to apply under the preceding Article), the crimes prescribed in Articles 171, 172, 174, 179(1) and Article 182(2) and (4) of the Former Act on Liquidation of Assets in the case where these provisions shall remain in force under the main clause of Article 2(1) of these Supplementary Provisions shall be deemed to be crimes listed in item (lviii) of the appended table of the New Act for Punishment of Organized Crimes, and the crimes prescribed in Articles 228, 230, 235(1) and 236(2) and (4) of the Former Investment Trust Act in the case where the provisions then in force shall remain applicable pursuant to the preceding Article shall be deemed to be crimes listed in item (xxiii) of the appended table of the New Act for Punishment of Organized Crimes.

#### Article 67 (Delegation of Other Transitional Measures to Cabinet Order)

In addition to what is provided for in these Supplementary Provisions, transitional measures necessary for the implementation of this Act shall be specified by a Cabinet Order.

#### Article 68 (Review)

Within five years after this Act comes into effect, the government shall review systems pertaining to the provisions of the New Act on Liquidation of Assets and the New Investment Trust Act and authorized building lots and buildings transaction businesses as defined by Article 50-2(2) of the Building Lots and Buildings Transaction Business Act after the revision by Article 8 (hereinafter referred to as “New Building Lots and Buildings Transaction Business Act” in this Article) by taking into account the state of implementation of the New Act on Liquidation of Assets, New Investment Trust Act, and New Building Lots and Buildings Transaction Business Act, changes in socioeconomic situations and other relevant factors, and shall, when it finds it necessary, take necessary measures based on the findings of the review.



Supplementary Provisions (Act No. 129 of November 29, 2000) (Extract)

Article 1 (Effective Date)

This Act shall come into effect as from the date specified by a Cabinet Order within a period not exceeding six months from the day of promulgation.

Supplementary Provisions (Act No. 75 of June 27, 2001) (Extract)

Article 1 (Effective Date)

This Act shall come into effect as from April 1, 2002 (hereinafter referred to as the "Effective Date"), and shall apply to Short-Term Bonds, etc. issued on and after the Effective Date.

Article 7 (Transitional Measures Concerning Application of Penal Provisions)

With regard to the application of penal provisions to acts committed before the Effective Date and acts committed on or after the Effective Date the case where the provisions relevant to those acts shall remain in force under the these Supplementary Provisions, the provisions then in force shall remain applicable.

Article 8 (Delegation of Other Transitional Measures to Cabinet Order)

In addition to what is provided for in these Supplementary Provisions, transitional measures necessary for the implementation of this Act shall be specified by a Cabinet Order.

Article 9 (Review)

When five years have passed since after this Act comes into effect, the government shall review systems pertaining to the book-entry transfer institution by taking into account the state of implementation of this Act, changes in socioeconomic situations and other relevant factors, and shall, when it finds it necessary, take necessary measures based on the findings of the review.

Supplementary Provisions (Act No. 80 of June 29, 2001) (Extract)

This Act shall come into effect as from the day when the Act for Partial Revision of the Commercial Code, etc. comes into effect.

Supplementary Provisions (Act No. 117 of November 9, 2001) (Extract)

Article 1 (Effective Date)

This Act shall come into effect as from the date specified by a Cabinet Order

within a period not exceeding six months from the day of promulgation (hereinafter referred to as the “Effective Date”); provided, however, that the provisions listed in the following items shall come into effect as from the date prescribed respectively in those items:

- (i) The provisions in Article 1 which delete Article 17-2 of the Banking Act and to revise Article 47-2 of that Act (limited to the part deleting “Article 17-2”), the provisions in Article 3 which are to delete Article 112-2 of the Insurance Business Act and to revise Article 270-6(2)(i) of that Act, the provision in Article 4 which is to delete Article 55-3, the provisions of Articles 8, 9, 13 and 14, and the following Article, the provisions of Article 9, and 13 to 16 inclusive of the Supplementary Provisions: The day on which one month has elapsed from the day of promulgation

#### Article 2 (Transitional Measures Concerning License of Banking Business for Foreign Bank Branch)

- (1) A Foreign Bank which, when this Act comes into effect, has obtained the Prime Minister’s licenses referred to in Article 4(1) of the Banking Act before the revision by Article 1 (hereinafter referred to as the “Former Banking Act”) under Article 47(1) of the Former Banking Act (such a license is referred to as “Old License” in this Article) shall, if the number of licenses which it has obtained is one, be deemed to have obtained the Prime Minister’s license referred to in Article 4(1) of the Banking Act after the revision by Article 1 (hereinafter referred to as the “New Banking Act”) under Article 47(1) of the New Banking Act at the time when this Act comes into effect.
- (2) A Foreign Bank other than Foreign Banks which are deemed under the preceding paragraph to have obtained the Prime Minister’s license referred to in Article 4(1) of the New Banking Act under Article 47(1) of the New Banking Act may, even before the Effective Date, file a notification to the Prime Minister as provided by a Cabinet Order by designating one of the Foreign Bank Branches for which it has received the Old License as the Principal Branch Office of the Foreign Bank as defined by Article 47(1) of the New Banking Act.
- (3) A Foreign Bank which filed a notification under the preceding paragraph before this Act comes into effect and has obtained the Old License at the time when this Act comes into effect shall be deemed to have obtained the Prime Minister’s license referred to in Article 4(1) of the New Banking Act under Article 47(1) of the New Banking Act on the Effective Date.

#### Article 3 (Transitional Measures Concerning Shareholders of Bank)

- (1) With regard to application of the provisions of Chapter 7-2 (excluding Section 3) of the New Banking Act to holders of a Bank’s shares existing at the time when

this Act comes into effect, holders of these shares shall be deemed to become holders of these shares on the Effective Date by acts listed in each item of Article 52-9(1) of the New Banking Act or a cause other than the transactions.

- (2) A Bank which has another Bank as its Subsidiary Company at the time when this Act comes into effect under the authorization referred to in Article 16-2(4) or in the proviso to Article 16-2(5) of the Former Banking Act shall be deemed to obtain, on the Effective Date, an authorization for holding shares of the other Bank under the proviso to Article 52-9(2) of the New Banking Act.

#### Article 13 (Delegation of Authority)

- (1) The Prime Minister shall delegate his/her authority under these Supplementary Provisions (excluding that specified by a Cabinet Order) to the Commissioner of the Financial Services Agency.
- (2) The Commissioner of the Financial Services Agency may, pursuant to the provisions of a Cabinet Order, delegate part of the authority that has been delegated under the provisions of the preceding paragraph to the Directors-General of Local Finance Bureaus or Local Finance Branch Bureaus.

#### Article 14 (Effect of Dispositions, etc.)

Dispositions given or procedures made or other acts performed before this Act comes into effect under the provisions of respective Acts before the revision by this Act (including orders issued thereunder; hereinafter the same shall apply in this Article), for which the corresponding provisions exist in the provisions of the respective Acts after the revision by this Act, shall be deemed to have been given, made or performed under the corresponding provisions of the respective Acts after the revision, except as otherwise provided by these Supplementary Provisions.

#### Article 15 (Transitional Measures Concerning Application of Penal Provisions)

With regard to the application of penal provisions to acts committed before the relevant revising provision in this Act comes into effect and acts committed pertaining to matters to which the provisions then in force shall remain applicable under these Supplementary Provisions after the relevant revising provision in this Act comes into effect, the provisions then in force shall remain applicable.

#### Article 16 (Delegation of Other Transitional Measures to Cabinet Order)

In addition to what is provided for in Article 2 to the preceding Article inclusive of these Supplementary Provisions (including transitional measures pertaining to penal provisions), transitional measures necessary for the implementation of this Act shall be specified by a Cabinet Order.

#### Article 23 (Review)

When five years have passed since after this Act comes into effect, the government shall review systems pertaining to Major Shareholder of Bank as defined by Article 2(10) of the New Banking Act, major shareholder of Long-Term Credit Bank as defined by Article 16-2-2(5) of the New Long-Term Credit Bank Act and major shareholder of Insurance Company as defined by Article 2(14) of the New Insurance Business Act by taking into account the state of implementation of the New Banking Act, the New Long-Term Credit Bank Act and the New Insurance Business Act, changes in socioeconomic situations and other relevant factors, and shall, when it finds it necessary, take necessary measures based on the findings of the review.

#### Supplementary Provisions (Act No. 129 of November 28, 2001) (Extract)

##### (1) (Effective Date)

This Act shall come into effect as from April 1, 2002.

##### (2) (Transitional Measures Concerning Application of Penal Provisions)

With regard to the application of penal provisions to acts committed before this Act comes into effect and acts committed after this Act comes into effect the case where the provisions then in force shall remain applicable under the preceding paragraph, the provisions in force before this Act comes into effect shall remain applicable.

#### Supplementary Provisions (Act No. 45 of May 29, 2002) (Extract)

##### (1) (Effective Date)

This Act shall come into effect as from the date specified by a Cabinet Order within a period not exceeding one year from the day of promulgation.

##### (2) (Transitional Measures)

Where this Act comes into effect before the date when Article 2 of the Act for Partial Revision of the Agricultural Cooperatives Act, etc. (Act No. 94 of 2001) comes into effect, the term "Article 30(12)" in the provision in Article 9 to revise Article 30-12 of the Agricultural Cooperatives Act shall be deemed to be replaced with "Article 30(11)."

#### Supplementary Provisions (Act No. 47 of May 29, 2002) (Extract)

#### Article 1 (Effective Date)

This Act shall come into effect as from the date specified by a Cabinet Order within a period not exceeding six months from the day of promulgation.

Supplementary Provisions (Act No. 65 of June 12, 2002) (Extract)

Article 1 (Effective Date)

This Act shall come into effect as from January 6, 2003.

Article 84 (Transitional Measures Concerning Application of Penal Provisions)

With regard to the application of penal provisions to acts committed before this Act (with regard to the provisions listed in each item of Article 1 of these Supplementary Provisions, before those provisions come into effect; hereinafter the same shall apply in this Article) comes into effect and acts committed after this Act comes into effect the case where the provisions then in force shall remain applicable under the provisions of these Supplementary Provisions, the provisions then in force shall remain applicable.

Article 85 (Delegation of Other Transitional Measures to Cabinet Order)

In addition to what is provided for in these Supplementary Provisions, transitional measures necessary for the implementation of this Act shall be specified by a Cabinet Order.

Article 86 (Review)

When five years have passed since after this Act comes into effect, the government shall review systems pertaining to subscribers protection trust as defined by Article 2(11) of the New Act on Transfer of Bonds, etc., securities clearing organizations as defined by Article 2(31) of the New Securities and Exchange Act and financial futures clearing organizations as defined by Article 2(15) of the New Financial Futures Trading Act by taking into account the state of implementation of the New Act on Transfer of Bonds, etc., the New Securities and Exchange Act and the New Financial Futures Trading Act, changes in the socioeconomic conditions and other relevant factors, and shall, when it finds it necessary, take necessary measures based on the findings of the review.

Supplementary Provisions (Act No. 54 of May 30, 2003) (Extract)

Article 1 (Effective Date)

This Act shall come into effect as from April 1, 2004.

Article 38 (Transitional Measures Concerning Application of Penal Provisions)

With regard to the application of penal provisions to acts committed prior to the enforcement of this Act, the provisions then in force shall remain applicable.

Article 39 (Delegation of Other Transitional Measures to Cabinet Order)

In addition to what is provided for in these Supplementary Provisions, transitional measures necessary for the implementation of this Act shall be specified by a Cabinet Order.

#### Article 40 (Review)

When five years have passed since after this Act comes into effect, the government shall review financial systems after the revision by this Act by taking into account the state of implementation of provisions revised by this Act, changes in the socioeconomic conditions and other relevant factors, and shall, when it finds it necessary, take necessary measures based on the findings of the review.

#### Supplementary Provisions (Act No. 76 of June 2, 2004) (Extract)

#### Article 1 (Effective Date)

This Act shall come into effect as from the day when the Bankruptcy Act (Act No. 75 of 2004; hereinafter referred to as the “New Bankruptcy Act” in paragraph (8) of the following Article, Articles 3(8), 5(8), (16) and (21), 8(3) and 13 of these Supplementary Provisions) comes into effect.

#### Article 14 (Delegation to Cabinet Order)

In addition to what is provided for in Articles 2 to the preceding Article inclusive of these Supplementary Provisions, transitional measures necessary for the implementation of this Act shall be specified by a Cabinet Order.

#### Supplementary Provisions (Act No. 88 of June 9, 2004) (Extract)

#### Article 1 (Effective Date)

This Act shall come into effect as from the date specified by a Cabinet Order within a period not exceeding five years from the day of promulgation (hereinafter referred to as the “Effective Date”)

#### Article 135 (Transitional Measures Concerning Application of Penal Provisions)

With regard to the application of penal provisions to acts committed before this Act comes into effect and acts committed after this Act comes into effect in the case where the provisions then in force shall remain applicable to those acts under the provision of these Supplementary Provisions and where the provisions relevant to those acts shall remain in force under the provision of these Supplementary Provisions, the provisions then in force shall remain applicable.

#### Article 136 (Delegation of Other Transitional Measures to Cabinet Order)

In addition to what is provided for in these Supplementary Provisions, transitional measures necessary for the implementation of this Act shall be specified by a Cabinet Order.

#### Article 137 (Review)

When five years have passed since after this Act comes into effect, the government shall review the settlement system for transactions of Shares, etc. after the revision by this Act by taking into account the state of implementation of provisions revised by this Act, changes in the socioeconomic conditions and other relevant factors, and shall, when it finds it necessary, take necessary measures based on the findings of the review.

### Supplementary Provisions (Act No. 97 of June 9, 2004) (Extract)

#### Article 1 (Effective Date)

This Act shall come into effect as from April 1, 2005 (hereinafter referred to as the “Effective Date”); provided, however, that the provisions listed in the following items shall come into effect as from the date prescribed respectively in those items.

- (i) The provisions in Article 1 which revise Articles 33-3, 64-2(1)(ii) and 64-7(5) of the Securities and Exchange Act, Article 65-2(5) (limited to the part which is to revise the term “and (vii) ” to “, (vii) and (xii)”) of that Act and Articles 144, 163(2) and 207(1)(i) and (2) of that Act, the provision in Article 2 which is to revise Article 36(2) of the Act on Foreign Securities Brokers (hereinafter referred to as the “Foreign Brokers Act” in this Article), the provisions in Article 4 which revise Article 10-5 of the Act on Investment Trust and Investment Corporations (hereinafter referred to as the “Investment Trust Act” in this Article), the provisions in Article 6 which revise Article 29-3 of the Act on Regulation, etc. on Investment Advisory Business Pertaining to Securities (hereinafter referred to as the “Investment Advisory Business Act” in this Article), the provisions of Articles 11 and 12, the provisions in Article 13 which revise Article 9-8(6)(i) of the Small and Medium Sized Enterprise, etc., Cooperatives Act by adding as described below, and the provisions of Articles 14 to 19 inclusive: the day of promulgation of this Act

#### Article 22 (Transitional Measures Concerning Application of Penal Provisions)

With regard to the application of penal provisions to acts committed before this Act comes into effect (with regard to the provisions listed in each item of Article 1 of these Supplementary Provisions, before those provisions come into effect; hereinafter the same shall apply in this Article) and acts committed after this Act comes into effect in the case where the provisions then in force shall remain

applicable under Article 3 of these Supplementary Provisions, the provisions then in force shall remain applicable.

#### Article 23 (Delegation of Other Transitional Measures to Cabinet Order)

In addition to what is provided for in these Supplementary Provisions, transitional measures necessary for the implementation of this Act shall be specified by a Cabinet Order.

#### Article 24 (Review)

When five years have passed since after this Act comes into effect, the government shall review financial systems after the revision by this Act by taking into account the state of implementation of provisions revised by this Act, changes in the socioeconomic conditions and other relevant factors, and shall, when it finds it necessary, take necessary measures based on the findings of the review.

### Supplementary Provisions (Act No. 154 of December 3, 2004) (Extract)

#### Article 1 (Effective Date)

This Act shall come into effect as from the date specified by a Cabinet Order within a period not exceeding six months from the day of promulgation (hereinafter referred to as the “Effective Date”).

#### Article 121 (Effect of Dispositions, etc.)

Dispositions given or procedures made or other acts performed before this Act comes into effect under the provisions of respective Acts before the revision by this Act (including orders issued thereunder; hereinafter the same shall apply in this Article), for which the corresponding provisions exist in the provisions of the respective Acts after the revision by this Act, shall be deemed to have been given, made or performed under the corresponding provisions of the respective Acts after the revision, except as otherwise provided by these Supplementary Provisions.

#### Article 122 (Transitional Measures Concerning Penal Provisions)

With regard to the application of penal provisions to acts committed before this Act comes into effect and acts committed after this Act comes into effect in the case where the provisions then in force shall remain applicable to those acts under the provision of these Supplementary Provisions or where the provisions relevant to those acts shall remain in force under the provision of these Supplementary Provisions, the provisions then in force shall remain applicable.

#### Article 123 (Delegation of Other Transitional Measures to Cabinet Order)



In addition to what is provided for in these Supplementary Provisions, transitional measures necessary for the implementation of this Act shall be specified by a Cabinet Order.

#### Article 124 (Review)

Within three years after this Act comes into effect, the government shall review the state of implementation of this Act, and shall, when it finds it necessary, take necessary measures based on the findings of the review.

#### Supplementary Provisions (Act No. 159 of December 8, 2004) (Extract)

#### Article 1 (Effective Date)

This Act shall come into effect as from July 1, 2005.

#### Supplementary Provisions (Act No. 38 of May 2, 2005) (Extract)

#### Article 1 (Effective Date)

This Act shall come into effect as from the date specified by a Cabinet Order within a period not exceeding one year from the day of promulgation (hereinafter referred to as the “Effective Date”).

#### Article 34 (Delegation to Cabinet Office Ordinance)

In addition to what is provided for in these Supplementary Provisions, application procedures for authorization or approval and submission of documents under these Supplementary Provisions and other matters necessary for the implementation of this Act shall be specified by a Cabinet Order.

#### Article 35 (Transitional Measures Concerning Application of Penal Provisions)

With regard to the application of penal provisions to acts committed before this Act comes into effect and acts committed after this Act comes into effect in the case where the provisions then in force shall remain applicable under the preceding paragraph, the provisions in force before this Act comes into effect shall remain applicable.

#### Article 36 (Delegation of Authority)

- (1) The Prime Minister shall delegate his/her authority under these Supplementary Provisions (excluding that specified by a Cabinet Order) to the Commissioner of the Financial Services Agency.
- (2) The Commissioner of the Financial Services Agency may, pursuant to the provisions of a Cabinet Order, delegate part of the authority that has been

delegated under the provisions of the preceding paragraph to the Directors-General of Local Finance Bureaus or Local Finance Branch Bureaus.

#### Article 37 (Delegation to Cabinet Order)

In addition to what is provided for in these Supplementary Provisions, transitional measures necessary for the implementation of this Act shall be specified by a Cabinet Order.

#### Article 38 (Review)

- (1) Within three years after this Act comes into effect, the government shall review and examine appropriately what is the most desirable way for bearing costs required for financial assistance or other assistance provided by the Life Insurance Policyholders Protection Corporation, whether or not it is necessary for governmental assistance to the Life Insurance Policyholders Protection Corporation based on the legal provisions to be continued and other relevant factors by taking into account the state of implementation of systems, etc. pertaining to special measures for protection of insurance policy holder, etc. including governmental assistance provided to the Life Insurance Policyholders Protection Corporation and financial assistance or other assistance provided by the Life Insurance Policyholders Protection Corporation, the financial status of the Life Insurance Policyholders Protection Corporation, the state of soundness of management of Insurance Companies and other relevant factors.
- (2) Within five years after this Act comes into effect, the government shall review systems for Insurance Business provided for in this Act by taking into account the state of business of small amount and short term insurance providers including their business conducted by obtaining reinsurance from Insurance Companies, the state of diversification of insurances underwritten by Insurance Companies, changes in the socioeconomic conditions and other relevant factors, and shall, when it finds it necessary, take necessary measures based on the findings of the review.

#### Supplementary Provisions (Act No. 87 of July 26, 2005) (Extract)

This Act shall come into effect as from the day when the Companies Act comes into effect.

#### Supplementary Provisions (Act No. 106 of November 2, 2005) (Extract)

#### Article 1 (Effective Date)

This Act shall come into effect as from the date specified by a Cabinet Order

within a period not exceeding one year from the day of promulgation (hereinafter referred to as the “Effective Date”); provided, however, that the provisions listed in the following items shall come into effect as from the date prescribed respectively in those items:

- (i) The provision of Article 11: The day of promulgation

#### Article 2 (Transitional Measures for Partial Revision of the Banking Act and Other Acts)

- (1) A person (excluding a person who is deemed to obtain a permission under Article 52-36(1) of the New Banking Act on Effective Date under the provisions of paragraph (1) of the following Article of the Supplementary Provisions) (hereinafter referred to as the “New Banking Act”) who has engaged in Bank Agency Service as defined by Article 2(14) of the New Banking Act (hereinafter referred to as the “Bank Agency Service”) at the time when this Act comes into effect may continue to engage in Bank Agency Service within three months from the Effective Date (or, in the case where a disposition of disapproving the application for permission referred to in Article 52-36(1) of the New Banking Act or where abolition of Banking Business is ordered under Article 52-56(1) of the New Banking Act as applied by replacing certain terms under the provision under the following paragraph, until the day on which that disposition or order of the abolition is given), notwithstanding the provision of Article 52-36(1) of the New Banking Act. In the cases where said person filed an application for permission referred to in Article 52-36(1) of the New Banking Act during said period, even after said period has elapsed, the same shall apply until the disposition of granting or disapproving permission is given.
- (2) In the case where a person continues to engage in Bank Agency Service under the preceding paragraph, the provisions of Articles 13-2, 24, 25, 38, 48, 52-36(2) and (3), 52-39 to 52-41 inclusive, 52-43 to 56 inclusive, 52-58 to 52-60 inclusive, 53(4), 56 (limited to the part pertaining to item (xi)) and 57-4(2) of the New Banking Act and the provisions of Chapter 9 of the New Banking Act pertaining to these provisions shall apply by deeming the person as a Bank Agent (meaning a Bank Agent as defined by Article 2(15) of the New Banking Act; the same shall apply hereinafter). In this case, the terms “in the following items” and “rescind the permission granted to the Bank Agent under Article 52-36(1)” in Article 52-56(1) of the New Banking Act shall be deemed to be replaced with “item (iv) or (v) below” and “order the Bank Agent to abolish his/her Bank Agency Service,” respectively.

#### Article 3

- (1) With regard to a person (excluding a Bank, etc. as defined by Article 52-61(1) of the New Banking Act) who has engaged in Bank Agency Service at an agency

established under Article 8(1) of the Banking Act before the revision by Article 1 (hereinafter referred to as the “Former Banking Act”) at the time when this Act comes into effect, the provisions of the New Banking Act shall apply by deeming said person to have obtained a permission under Article 52-36(1) of the New Banking Act.

- (2) A person who is deemed to have obtained the permission under the preceding paragraph shall submit the documents stating the matters listed in each item of Article 52-37(1) of the New Banking Act and the documents listed in each item of Article 52-37(2) of the New Banking Act to the Prime Minister by the day on which three months have elapsed from the Prime Minister.
- (3) With regard to a person who is deemed to have obtained the permission under paragraph (1), the provision of Article 52-39 of the New Banking Act shall not apply until the person who is deemed to have obtained the permission submits under the preceding paragraph the documents referred to in the preceding paragraph, notwithstanding the provision of paragraph (1).
- (4) With regard to application of Article 52-61(3) of the New Banking Act to a person who has engaged in Bank Agency Service at an agency established under Article 8(1) of the Former Banking Act at the time when this Act comes into effect (limited to a Bank, etc. as defined by Article 52-61(1) of the New Banking Act; referred to as “Bank, etc, Engaging in Bank Agency Service” in the following paragraph), the phrase “When a Bank, etc. intends to operate Bank Agency Service, it” in Article 52-61(3) of the New Banking Act shall be deemed to be replaced with “Within three months from the day on which the Act for Partial Revision of the Banking Act, etc. (Act No. 106 of 2005) comes into effect, the Bank, etc.”
- (5) Notwithstanding the provision of Article 52-61(2) of the New Banking Act, the provision of Article 52-39 of the New Banking Act shall not apply to a Bank, etc, Engaging in Bank Agency Service until the Bank, etc, Engaging in Bank Agency Service submits documents referred to in Article 52-61(3) of the New Banking Act as applied by replacing certain terms under the provision under the preceding paragraph.

#### Article 4

With regard to establishment or abolishment of a branch office or other business office, or an agent by a Bank (meaning a Bank as defined by Article 2(1) of the New Banking Act; the same shall apply hereinafter) or Long-Term Credit Bank (meaning a Long-Term Credit Bank as defined by Article 2 of the Long-Term Credit Bank Act before the revision by Article 2 (hereinafter referred to as the “New Long-Term Credit Bank Act”); the same shall apply hereinafter), Article 8(1) of the New Banking Act (including Cases where it is applied mutatis mutandis pursuant to Article 17 of the New Long-Term Credit Bank Act) shall apply to establishment or

abolishment made on or after the Effective Date, and the provisions then in force shall remain applicable to establishment or abolishment made before the Effective Date.

#### Article 5

With regard to establishment or abolishment of a branch office or other business office, or an agent in a foreign state by a Bank or Long-Term Credit Bank, Article 8(2) of the New Banking Act (including Cases where it is applied mutatis mutandis pursuant to Article 17 of the New Long-Term Credit Bank Act) shall apply to establishment or abolishment made on or after the Effective Date, and the provisions then in force shall remain applicable to establishment or abolishment made before the Effective Date.

#### Article 6

The provision of Article 8(3) of the New Banking Act (including Cases where it is applied mutatis mutandis pursuant to Article 17 of the New Long-Term Credit Bank Act) shall apply to a contract for entrustment of business in a foreign state entered into on or after the Effective Date.

#### Article 7

The provision of Article 13-2 of the New Banking Act (including Cases where it is applied mutatis mutandis pursuant to Article 17 of the New Long-Term Credit Bank Act, Article 89(1) of the Shinkin Bank Act after the revision by Article 3 (hereinafter referred to as the “New Shinkin Bank Act,”) Article 94(1) of the Labor Bank Act after the revision by Article 4 (hereinafter referred to as the “New Labor Bank Act”) and Article 6(1) of the Act on Financial Businesses by Cooperative after the revision by Article 6 (hereinafter referred to as the “New Act on Financial Businesses by Cooperative”)) shall apply to a transaction or act conducted by a Bank, etc. (meaning a Bank, Long-Term Credit Bank, Shinkin Bank or federation of Shinkin Banks, labor bank or federation of labor banks, or credit cooperative or Federation of Credit Cooperatives (meaning Federation of Credit Cooperatives as defined by Article 2(1) of the New Act on Financial Businesses by Cooperative); the same shall apply hereinafter in this Article and paragraph (2) of the following Article) on or after the Effective Date, and the provisions then in force shall remain applicable to a transaction or act conducted by a Bank, etc. before the Effective Date.

#### Article 8

(1) The provisions of Article 20, 52-28 and 52-29 of the New Banking Act (including cases where it is applied mutatis mutandis pursuant to Article 17 of the New Long-Term Credit Bank Act) shall apply to documents referred to in those

provisions pertaining to the fiscal year of a Bank or Long-Term Credit Bank, or a Bank Holding Company (meaning a Bank Holding Company as defined by Article 2(13) of the New Banking Act; hereinafter the same shall apply in this paragraph and paragraph (3) of the following Article) or Long-Term Credit Bank Holding Company (meaning a Long-Term Credit Bank Holding Company as defined by Article 16-4(1) of the Long-Term Credit Bank Act; hereinafter the same shall apply in this paragraph and paragraph (3) of the following Article) starting on or after the Effective Date, and the provisions then in force shall remain applicable to those documents pertaining to the fiscal year of a Bank or Long-Term Credit Bank, or a Bank Holding Company or Long-Term Credit Bank Holding Company starting after the Effective Date.

- (2) The provisions of Article 21(1) and (2) of the New Banking Act (including Cases where it is applied mutatis mutandis pursuant to Article 17 of the New Long-Term Credit Bank Act, Article 89(1) of the New Shinkin Bank Act, Article 94(1) of the New Labor Bank Act and Article 6(1) of the New Act on Financial Businesses by Cooperative) shall apply to documents referred to in those provisions pertaining to the fiscal year or Business Year of a Bank, etc. starting on or after the Effective Date, and the provisions then in force shall remain applicable to those documents pertaining to the fiscal year or Business Year of a Bank, etc. starting after the Effective Date.

#### Article 9

- (1) The provisions of Articles 52-43 and 52-44 of the New Banking Act (including cases where it is applied mutatis mutandis pursuant to Article 17 of the New Long-Term Credit Bank Act, Article 89(3) of the New Shinkin Bank Act, Article 94(3) of the New Labor Bank Act and Article 6-5(1) of the New Act on Financial Businesses by Cooperative) shall apply to acts specified in Article 2(14) of the New Banking Act (including cases where acts specified in Article 16-5(2) of the New Long-Term Credit Bank Act, Article 85-2(2) of the New Shinkin Bank Act, Article 89-3(2) of the New Labor Bank Act and Article 6-3(2) of the New Act on Financial Businesses by Cooperative) performed on or after the Effective Date.
- (2) The provisions of Articles 52-50 of the New Banking Act (including cases where it is applied mutatis mutandis pursuant to Article 17 of the New Long-Term Credit Bank Act, Article 89(3) of the New Shinkin Bank Act, Article 94(3) of the New Labor Bank Act and Article 6-5(1) of the New Act on Financial Businesses by Cooperative; hereinafter the same shall apply in this paragraph) shall apply to a report referred to in Article 52-50(1) of the New Banking Act pertaining to the fiscal year or Business Year of a Bank Agent, Long-Term Credit Bank Agent (meaning a Long-Term Credit Bank Agent as defined by Article 16-5(3) of the New Long-Term Credit Bank Act; the same shall apply hereinafter), Shinkin Bank

Agent (meaning a Shinkin Bank Agent as defined by Article 85-2(3) of the New Shinkin Bank Act; the same shall apply hereinafter), Labor Bank Agent (meaning a Labor Bank Agent as defined by Article 89-3(3) of the New Labor Bank Act; the same shall apply hereinafter) or Credit Cooperative Agent (meaning a Credit Cooperative Agent as defined by Article 6-3(3) of the New Act on Financial Businesses by Cooperative; the same shall apply hereinafter) starting on or after the Effective Date.

- (3) The provision of Articles 52-51 of the New Banking Act (including cases where it is applied mutatis mutandis pursuant to Article 17 of the New Long-Term Credit Bank Act, Article 89(3) of the New Shinkin Bank Act, Article 94(3) of the New Labor Bank Act and Article 6-5(1) of the New Act on Financial Businesses by Cooperative; hereinafter the same shall apply in this paragraph) shall apply to documents referred to in Article 52-51(1) of the New Banking Act pertaining to the fiscal year or Business Year of an Principal Bank (meaning an Principal Bank as defined by Article 2(16) of the New Banking Act), Entrusting Long-Term Credit Bank (meaning an Entrusting Long-Term Credit Bank as defined by Article 16-5(3) of the New Long-Term Credit Bank Act), Entrusting Shinkin Bank (meaning a Entrusting Shinkin Bank as defined by Article 85-2(3) of the New Shinkin Bank Act), Entrusting Labor Bank (meaning an Entrusting Labor Bank as defined by Article 89-3(3) of the New Labor Bank Act) or Entrusting Credit Cooperative (meaning an Entrusting Credit Cooperative as defined by Article 6-3(3) of the New Act on Financial Businesses by Cooperative) starting on or after the Effective Date.

#### Article 38 (Effect of Dispositions, etc.)

Dispositions given or procedures made or other acts performed before this Act comes into effect under the provisions of respective Acts before the revision by this Act (including orders issued thereunder; hereinafter the same shall apply in this Article), for which the corresponding provisions exist in the provisions of the respective Acts after the revision by this Act, shall be deemed to have been given, made or performed under the corresponding provisions of the respective Acts after the revision, except as otherwise provided by these Supplementary Provisions.

#### Article 39 (Transitional Measures Concerning Application of Penal Provisions)

With regard to the application of penal provisions to acts committed before this Act comes into effect and acts committed after this Act comes into effect the case where the provisions then in force shall remain applicable under the provisions of these Supplementary Provisions, the provisions in force before this Act comes into effect shall remain applicable.

#### Article 40 (Delegation of Authority)

- (1) The Prime Minister shall delegate his/her authority under these Supplementary Provisions (excluding that specified by a Cabinet Order) to the Commissioner of the Financial Services Agency.
- (2) Part of the authority delegated to the Commissioner of the Financial Services Agency under the preceding paragraph and part of the authority delegated to the Minister of Agriculture, Forestry and Fisheries and the Minister of Health, Labour and Welfare under the provisions of these Supplementary Provisions may be delegated to the Directors-General of Local Finance Bureaus or Local Finance Branch Bureaus (or heads of local branch offices in the case of authorities delegated to the Minister of Agriculture, Forestry and Fisheries and the Minister of Health, Labour and Welfare), pursuant to the provisions of a Cabinet Order.

#### Article 41 (Delegation of Other Transitional Measures to Cabinet Order)

In addition to what is provided for in these Supplementary Provisions, transitional measures necessary for the implementation of this Act shall be specified by a Cabinet Order.

#### Article 42 (Review)

When five years have passed since after this Act comes into effect, the government shall review financial systems after the revision by this Act by taking into account the state of implementation of provisions revised by this Act, changes in the socioeconomic conditions and other relevant factors, and shall, when it finds it necessary, take necessary measures based on the findings of the review.

### Supplementary Provisions (Act No. 65 of June 14, 2006) (Extract)

#### Article 1 (Effective Date)

This Act shall come into effect as from the date specified by a Cabinet Order within a period not exceeding one year and six months from the day of promulgation (hereinafter referred to as the “Effective Date”); provided, however, that the provisions listed in the following items shall come into effect as from the date prescribed respectively in those items.

- (i) The provisions of Article 1, the provision in Article 8 which is to revise Article 30-4(2)(ii) of the Agricultural Cooperatives Act (limited to the part revising the phrase “Article 197 (1)(i) to (iv) inclusive or (vii) or Article 197(2). Article 198(i) to (x) inclusive, (xviii) or (xix)” into “Article 197, 197-2(i) to (x) inclusive or (xiii) or Article 198(viii)”), the provision in Article 9 which is to revise Article 34-4(2)(ii) of the Fisheries Cooperatives Act (limited to the part revising the phrase “Article 197(1)(i) to (iv) inclusive or (vii) or Article 197(2), Article 198(i)



to (x) inclusive, (xviii) or (xix)” into “Article 197, 197-2(i) to (x) inclusive or (xiii) or Article 198(viii)”), the provision in Article 11 which is to revise Article 5-4(4)(iv) of the Act on Financial Businesses by Cooperative (limited to the part revising the phrase “Article 197(1)(i) to (iv) inclusive or (vii) or Article 197(2)” into “Article 197” and the part revising “Article 198(i) to (x) inclusive, (xviii) or (xix) (Crimes of Offering Securities Without Notification, etc.)” into “197-2(i) to (x) inclusive or (xiii) (Crimes of Offering Securities Without Notification, etc.), Article 198(viii) (Crime of Breach of Prohibition Order or Order for Suspension Given by Court)”), the provision in Article 13 which is to revise Article 34(iv) of the Shinkin Bank (limited to the part revising the phrase “Article 197(1)(i) to (iv) inclusive or (vii) or Article 197(2)” into “Article 197” and the part revising “Article 198(i) to (x) inclusive, (xviii) or (xix) (Crimes of Offering Securities Without Notification, etc.)” into “197-2(i) to (x) inclusive or (xiii) (Crimes of Offering Securities Without Notification, etc.), Article 198(viii) (Crime of Breach of Prohibition Order or Order for Suspension Given by Court)”), the provision in Article 15 which is to revise Article 34(iv) of the Labor Bank Act (limited to the part revising the phrase “Article 197(1)(i) to (iv) inclusive or (vii) or Article 197(2)” into “Article 197” and the part revising “Article 198(i) to (x) inclusive, (xviii) or (xix) (Crimes of Offering Securities Without Notification, etc.)” into “197-2(i) to (x) inclusive or (xiii) (Crimes of Offering Securities Without Notification, etc.), Article 198(viii) (Crime of Breach of Prohibition Order or Order for Suspension Given by Court)”), the provision in Article 18 which is to revise Article 53-2(1)(iii) of the Insurance Business Act (limited to the part revising the phrase “Article 197(1)(i) to (iv) inclusive or (vii) or Article 197(2)” into “Article 197” and the part revising “Article 198(i) to (x) inclusive, (xviii) or (xix) (Crimes of Offering Securities Without Notification, etc.)” into “197-2(i) to (x) inclusive or (xiii) (Crimes of Offering Securities Without Notification, etc.), Article 198(viii) (Crime of Breach of Prohibition Order or Order for Suspension Given by Court)”), the provision in Article 19 which is to revise Article 24-4(iv) of the Norinchukin Bank Act (limited to the part revising the phrase “Article 197(1)(i) to (iv) inclusive or (vii) or Article 197(2). Article 198(i) to (x) inclusive, (xviii) or (xix)” into “Article 197, 197-2(i) to (x) inclusive or (xiii) or Article 198(viii)”), and the provisions of Articles 2, 4, 182(1), 184(1), 187(1), 190(1), 193(1), 196(1) and 198(1) of these Supplementary Provisions: The date on which twenty days from the day of promulgation have elapsed ;

- (ii) The provision of Article 3 of these Supplementary Provisions: The day on which the Act for Partial Revision of the Penal Code to Respond to an Increase in International and Organized Crimes and Advancement of Information Processing (Act No. of 2005) comes into effect or the day on which the provisions listed in the preceding item enter into effect, whichever is later

- (iii) The provisions of Article 2 (excluding the provisions which revise Article 27-23 of the Securities and Exchange Act (excluding the part adding “and Article 27-26” after “Article 27-25(1)”), the provisions which revise Article 27-24 of that Act, the provisions which revise Article 27-25 of that Act, the provisions which revise Article 27-26 of that Act (excluding the part which revises “controlling business activities of a company that is an issuer of said Shares, etc.” into “performing an act which is specified in a Cabinet Order as an act of causing material alteration of or exerting material influences on business activities of an issuer of said Shares, etc. (referred to as an “Act of Making Important Suggestion, etc.” in paragraph (4) and (5))” and the part which adds paragraph (3) to that Article), the provisions which revise Article 27-27 of that Act and the provisions which revise Article 27-30-2 of that Act (excluding the part which is to revise “Article 27-10(2)” into “Article 27-10(8) and (12)” and the part which adds “or (11)” after “Article 27-10(1)”) and the provisions of Article 7, 8 and 12 of these Supplementary Provisions: the date specified by a Cabinet Order within a period not exceeding six months from the day of promulgation
- (iv) The provisions in Article 2 which revise Article 27-23 of the Securities and Exchange Act (excluding the part adding “and Article 27-26” after “Article 27-25(1)”), to revise Article 27-24 of that Act, to revise Article 27-25 of that Act, to revise Article 27-26 of that Act (excluding the part which revises “controlling business activities of a company that is an issuer of said Shares, etc.” into “performing an act which is specified in a Cabinet Order as an act of causing material alteration of or exerting material influences on business activities of an issuer of said Shares, etc. (referred to as an “Act of Making Important Suggestion, etc.” in paragraph (4) and (5))” and the part which is to add paragraph (3) to that Article), to revise Article 27-27 of that Act and to revise Article 27-30-2 of that Act (excluding the part which is to revise “Article 27-10(2)” into “Article 27-10(8) and (12)” and the part which adds “or (11)” after “Article 27-10(1)”) and the provisions of Articles 9 to 11 inclusive and 13 of these Supplementary Provisions: The date specified by a Cabinet Order within a period not exceeding one year from the day of promulgation
- (v) The provision of Article 4: The day on which the Act on General Incorporated Association and General Incorporated Foundation (Act No. 48 of 2006) comes into effect

#### Article 195 (Transitional Measures for Partial Revision of the Banking Act)

Where a Bank receives an offer for a Contract for Specified Deposits, etc. (meaning a Contract for Specified Deposits, etc. as defined by Article 13-4 of the Banking Act after revision of Article 16 (hereinafter referred to as the “New Banking Act” in this Article)) from a customer (limited to a person referred to in Article 2(31)(iv) of the

New Financial Instruments and Exchange Act) for the first time since this Act comes into effect, if the Bank has notified the customer before this Act comes into effect and in accordance with Article 34 of the New Financial Instruments and Exchange Act as applied by Article 13-4 of the New Banking Act that the customer may make a request under Article 34-2(1) of the New Financial Instruments and Exchange Act as applied by Article 13-4 of the New Banking Act, the Bank shall be deemed to make a notification as required by Article 34-2(1) of the New Financial Instruments and Exchange Act as applied by Article 13-4 of the New Banking Act.

#### Article 216 (Delegation of Authority)

- (1) The Prime Minister shall delegate his/her authority under these Supplementary Provisions (excluding that specified by a Cabinet Order) to the Commissioner of the Financial Services Agency.
- (2) The Commissioner of the Financial Services Agency may, pursuant to the provisions of a Cabinet Order, delegate part of the authority that has been delegated under the provisions of the preceding paragraph to the Directors-General of Local Finance Bureaus or Local Finance Branch Bureaus.

#### Article 217 (Effect of Dispositions, etc.)

Dispositions given or procedures made or other acts performed before this Act comes into effect under the provisions of the Former Securities and Exchange Act, the Former Investment Trust Act or the Former Trust Business Act or an order issued thereunder, for which the corresponding provisions exist in the provisions of the New Financial Instruments and Exchange Act, shall be deemed to have been given, made or performed under the corresponding provisions of the New Financial Instruments and Exchange Act, except as otherwise provided by these Supplementary Provisions.

#### Article 218 (Transitional Measures Concerning Application of Penal Provisions)

With regard to the application of penal provisions to acts committed before this Act comes into effect (with regard to the provisions listed in each item of Article 1 of these Supplementary Provisions, before those provisions come into effect; hereinafter the same shall apply in this Article) and acts committed after this Act comes into effect in the case where the provisions then in force shall remain applicable to those acts under the provision of these Supplementary Provisions or where the provisions relevant to those acts shall remain in force under the provision of these Supplementary Provisions, the provisions then in force shall remain applicable.

#### Article 219 (Delegation of Other Transitional Measures to Cabinet Order)

- (1) In addition to what is provided for in these Supplementary Provisions, transitional measures necessary for the implementation of this Act shall be specified by a Cabinet Order.
- (2) Transitional measures necessary for the procedures pertaining to registration required due to the partial provision of the Securities and Exchange Act made by Article 3 shall be specified by an Ordinance of the Ministry of Justice.

Article 220 (Review)

Within five years after this Act comes into effect, the government shall review the state of implementation of this Act, and shall, when it finds it necessary, take necessary measures based on the findings of the review.

Supplementary Provisions (Act No. 109 of December 15, 2006) (Extract)

This Act shall come into effect as from the day when the New Trust Act comes into effect.