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## **Small and Medium-Sized Enterprise Cooperatives Act (Act No. 181 of June 1, 1949)**

### **Chapter I General Provisions**

#### Article 1 (Purpose of the Act)

The purpose of this Act is to provide for the organizations necessary for persons engaged in a small and medium-sized commercial business, industrial business, mining business, transport business, service business or any other business and other persons, such as workers, to engage in business in a cooperative manner based on the spirit of mutual support, and to secure the opportunity for these people to conduct fair economic activities, thereby promoting their voluntary economic activities and achieving an improvement in their economic status.

#### Article 2 Deleted

### **Chapter II Small and Medium-Sized Enterprise Cooperatives**

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

#### Article 3 (Types)

A small and medium-sized enterprise cooperative (hereinafter referred to as "cooperative") shall be any of the following:

- (i) A business cooperative
- (i)-2 A minor business cooperative
- (i)-3 A fire mutual aid cooperative
- (ii) A credit cooperative

- (iii) A federation of cooperatives
- (iv) A joint enterprise cooperative

#### Article 4 (Personality and Domicile)

- (1) A cooperative shall be a juridical person.
- (2) The domicile of a cooperative shall be at the location of its principal office.

#### Article 5 (Standards and Fundamental Principles)

- (1) A cooperative shall satisfy the following requirements, except as otherwise provided by this Act:
  - (i) The purpose of the cooperative shall be mutual support among partner of the cooperative or partner of the federation (hereinafter collectively referred to as "partner").
  - (ii) Partner shall be able to join or withdraw from the cooperative voluntarily.
  - (iii) Partner shall have equal voting rights and rights to elect, irrespective of the number of units of contribution they have offered.
  - (iv) The cooperative shall distribute its surplus mainly in accordance with the amount of use of the cooperative's businesses, and in the case of distributing the surplus in accordance with the amount of contribution; it shall have rules on the limits of such distribution.
- (2) A cooperative shall have the purpose to directly serve its partner through its activities, and it shall not conduct any activities for the purpose of only benefiting specific partner.
- (3) A cooperative shall not be utilized for any specific political party.

#### Article 6 (Name)

- (1) A cooperative shall use the following words in its name:
  - (i) In the case of a business cooperative, "cooperative" (if the cooperative is a provided mutual aid association provided in Article 9-2(7), "mutual aid cooperative")
  - (i)-2 In the case of a minor business cooperative, "minor cooperative" (if the cooperative is a provided mutual aid association provided in Article 9-2(7), "minor mutual aid cooperative")
  - (i)-3 In the case of a fire mutual aid cooperative, "fire mutual aid cooperative"
  - (ii) In the case of a credit cooperative, "credit cooperative" or "credit association"
  - (iii) In the case of a federation of cooperatives, "federation" in combination with any one of "cooperatives," "minor cooperatives," "fire mutual aid cooperative," or "credit cooperative" according to its type (if the federation is a provided federation of mutual aid associations provided in Article 9-9(4), "federation" in combination with either "mutual aid cooperatives" or "minor mutual aid

cooperative" according to its type)

(iv) In the case of a joint enterprise cooperative, "joint enterprise cooperative"

- (2) No person other than a cooperative established pursuant to this Act or a cooperative or federation established pursuant to other special Acts shall use in its name a word indicating that he/she/it is a business cooperative, minor business cooperative, fire mutual aid cooperative, credit cooperative, federation of cooperatives, or joint enterprise cooperative.
- (3) With regard to the name of a cooperative, the provisions of Article 8 (No Use of Name, etc. which is Likely to be Mistaken for a Company) of the Companies Act (Act No. 86 of 2005) shall apply mutatis mutandis.

#### Article 7 (Relationship with the Act on Prohibition of Private Monopolization and Maintenance of Fair Trade)

- (1) With regard to the application of the Act on Prohibition of Private Monopolization and Maintenance of Fair Trade (Act No. 54 of 1947; hereinafter referred to as "Antimonopoly Act"), each of the following cooperatives shall be deemed to be a cooperative which satisfies the requirement set forth in Article 22(i) of the same Act:
- (i) A business cooperative, fire mutual aid cooperative or credit cooperative, whose partner consist only of entrepreneurs falling under any of the following categories:
- (a) An entrepreneur who is a juridical person and whose amount of stated capital or total amount of contribution is not more than three hundred million yen (or fifty million yen in the case of an entrepreneur who operates, as its principal business, a retail business or service business, or one hundred million yen in the case of an entrepreneur who operates, as its principal business, a wholesale business)
- (b) An entrepreneur whose number of regular employees is not more than three hundred (or fifty in the case of an entrepreneur who operates, as its principal business, a retail business, or one hundred in the case of an entrepreneur who operates, as its principal business, a wholesale business or service business)
- (ii) A minor business cooperative
- (iii) A federation of cooperatives composed of cooperatives listed in any of the preceding two items
- (2) With respect to a business cooperative or a credit cooperative which has a member who falls outside of the categories of entrepreneur listed in item (i) (a) and (b) of the preceding paragraph, the Fair Trade Board Member shall have the authority to determine whether or not the cooperative falls under the category of cooperative that satisfies the requirement set forth in Article 22, item (i) of the Antimonopoly Act.

- (3) A cooperative referred to in the preceding paragraph shall, where an entrepreneur outside of the categories of entrepreneur listed in paragraph (1), item (i), (a) or (b) has joined therein or where any of its partner has come to fall outside of the categories of entrepreneur listed in paragraph (1), item (i), (a) or (b), notify the Fair Trade Board Member to that effect within thirty days.

#### Article 8 (Qualifications of Partner, etc.)

- (1) A person who is qualified to be a member of a business cooperative shall be a small-scale entrepreneur or a minor business cooperative provided in paragraph (1) or paragraph (2) of the preceding Article who is engaged in a commercial business, industrial business, mining business, transport business, service business or any other business within the district of the cooperative and who is provided by the articles of association.
- (2) A person who is qualified to be a member of a minor business cooperative shall be an entrepreneur who is engaged in a commercial business, industrial business, mining business, transport business, service business or any other business within the district of the cooperative mainly through his/her own work and whose number of regular employees is not more than about five (in the case of an entrepreneur whose principal business is a commercial business or service business, two), and who is specified by the articles of association.
- (3) A person who is qualified to be a member of a fire mutual aid cooperative shall be any small-scale entrepreneur provided in paragraph (1) or paragraph (2) of the preceding Article who is engaged in a commercial business, industrial business, mining business, transport business, service business or other business provided by an ordinance of the competent ministry within the district of the cooperative (in the case of a cooperative whose district is nationwide, any such entrepreneur who is engaged in a business that belongs to one of the business types provided by the articles of association).
- (4) A person who is qualified to be a member of a credit cooperative shall be a small-scale entrepreneur provided in paragraph (1) or paragraph (2) of the preceding Article who is engaged in a commercial business, industrial business, mining business, transport business, service business or any other business within the district of the cooperative, a person who has his/her domicile or residence within the district of the cooperative, a person who is engaged in work within the district of the cooperative, or a person who is provided by a Cabinet Office Ordinance as a person equivalent thereto, and who is provided by the articles of association.
- (5) A person who is qualified to be a member of a federation of cooperatives shall be either of the following persons and one who is specified by the articles of association:

- (i) A cooperative whose district coincides with all or part of the district of the federation (excluding a joint enterprise cooperative)
  - (ii) A cooperative established under another Act and whose district coincides with all or part of the district of the federation
- (6) A person who is qualified to be a member of a joint enterprise cooperative shall be any of the following persons and one who is specified by the articles of association:
- (i) An individual
  - (ii) Any of the following persons (excluding the person set forth in the preceding item) and who is specified by a Cabinet Order:
    - (a) A person who provides the joint enterprise cooperative with the goods, services, facilities, equipment or technology necessary for the business activities of the joint enterprise cooperative
    - (b) A person who receives from the joint enterprise cooperative the provision of goods, services, or technology pertaining to its business
    - (c) In addition to what is listed in (a) and (b), a person who contributes to facilitating the business of the joint enterprise cooperative
  - (iii) An investment limited partnership provided in Article 2, paragraph (2) of the Limited Partnership Act for Investment (Act No. 90 of 1998) that is provided by a Cabinet Order as one that contributes to enhancing the equity capital of small and medium-sized enterprises (which mean those listed in the items of Article 2, paragraph (1) of the Small and medium sized enterprise operator Basic Act [Act No. 154 of 1963])

Article 8-2

The member set forth in item (ii) or (iii) of paragraph (6) of the preceding Article (hereinafter referred to as "specified member") shall not exceed one-quarter of all partner of a joint enterprise cooperative.

Article 9 (Exception to Taxation on the Surplus Distributed in Accordance with the Amount of Use of Businesses)

The amount equivalent to the amount of surplus that a cooperative has distributed in accordance with the amount of use of the cooperative's businesses shall, pursuant to the provisions of the Juridical Person Tax Act (Act No. 34 of 1965), be included in the amount of loss when calculating the amount of income for each business year or the amount of consolidated income for each consolidated business year under the provisions of the same Act with regard to said cooperative.

**Section 2 Activities**

Article 9-2 (Business Cooperatives and Minor Business Cooperatives)

- (1) A business cooperative or a minor business cooperative may conduct all or part of the following activities:
  - (i) Production, processing, sales, purchasing, storage, transport, inspection and other joint activities related to the business of partner
  - (ii) Loan of business funds (including discounting of negotiable instruments) to partner and borrowing of such funds for partner
  - (iii) Activities related to the welfare of partner
  - (iv) Activities related to the education and offer of information for achieving an improvement of the management and technology concerning the business of partner and the dissemination of knowledge concerning the cooperative's activities
  - (v) Activities related to research and development with regard to new goods or new technology or the cultivation of a demand for facilitating partner to advance into new business fields
  - (vi) Conclusion of collective agreements for improving the economic status of partner
  - (vii) Activities incidental to the activities set forth in the preceding items
- (2) In mutual aid contracts concluded pursuant to the provisions of item (iii) of the preceding paragraph for covering damages that may be caused to property by a fire or by any of the mutual aid incidents when collectively deeming a fire and all or part of the accidental incidents specified by an ordinance of the competent ministry under Article 9-7-2, paragraph (1), item (i) to be mutual aid incidents, a business cooperative or a minor business cooperative shall not set the total amount of mutual aid money pertaining to said mutual aid contracts per mutual aid contractor to be in excess of the amount specified by an ordinance of the competent ministry.
- (3) A business cooperative or a minor business cooperative may have non-partner utilize its businesses, so long as it does not hinder utilize by its partner; provided, however, that the total value of the amount of the utilize of businesses by non-partner during a single business year shall not exceed twenty percent of the total value of the amount of utilize by its partner during said business year.
- (4) Notwithstanding the provisions of the proviso to the preceding paragraph, a business cooperative or a minor business cooperative may have non-partner utilize the businesses listed in the following items, only during the periods respectively prescribed in those items, to the extent that the percentage of the total value of the amount of utilize of businesses by non-partner during a single business year to the total value of the volume of utilize by its partner during said business year does not exceed the percentage specified by a Cabinet Order not exceeding one hundred percent for each of those items:
  - (i) Businesses of the business cooperative or the minor business cooperative to be

provided for the utilize of partner who will collectively establish factories or workplaces (hereinafter referred to as "factories, etc.") based on a plan prepared by the business cooperative or the minor business cooperative, in the case where the administration of said Businesses will be hindered due to some partner who require a considerable period of time for establishing said factories, etc. finding it difficult to utilize the Businesses during that time-The period specified by a Cabinet Order not exceeding three years from the final day of the business year containing the earliest of the dates of termination of the establishment of factories, etc. based on said plan

- (ii) Businesses of the business cooperative or the minor business cooperative pertaining to use by a member in the case where the administration of said Businesses will be hindered due to withdrawal of said member-The period specified by a Cabinet Order not exceeding two years from the final day of the business year containing the date of withdrawal of said member
- (5) The provisions of the proviso to paragraph (3) shall not apply when a business cooperative or a minor business cooperative has the general public utilize a facility for physical exercise or any other facility, among the facilities it owns, that falls into the category of facilities specified by a Cabinet Order as those that are appropriate to be provided for utilize by the general public in addition to being provided for the utilize of partner.
- (6) A business cooperative or a minor business cooperative may, on behalf of its partner, act as an agent in carrying out businesses or processing businesses (limited to insurance solicitation [which means insurance solicitation provided in Article 2, paragraph (26) of the Insurance Business Act (Act No. 105 of 1995); the same shall apply hereinafter] and businesses that are provided by an ordinance of the competent ministry as those associated therewith) of an insurance company (which means an insurance company provided in paragraph (2) of the same Article; the same shall apply hereinafter) or any person provided by an ordinance of the competent ministry as one equivalent thereto.
- (7) A business cooperative or a minor business cooperative engaged in mutual aid activities (which mean activities where the cooperative receives a payment of mutual aid premiums from its partner and any other mutual aid contractors, and delivers mutual aid money on the occurrences of mutual aid incidents and which are specified by an ordinance of the competent ministry as those for which the protection of partner and any other mutual aid contractors needs to be secured in light of the amount of mutual aid money and other matters; the same shall apply hereinafter) pursuant to the provisions of paragraph (1), item (iii) whose total number of partner exceeds the standard specified by a Cabinet Order, or a business cooperative engaged in the activities of the reinsurance of mutual aid liabilities or the retrocession of reinsurance liabilities borne by member

cooperatives in the course of mutual aid activities (hereinafter referred to as "specified mutual aid association") may not conduct activities other than mutual aid activities and activities incidental thereto and the activities prescribed in the preceding paragraph, notwithstanding the provisions of paragraph (1); provided, however, that this shall not apply when the cooperative has obtained the approval of an administrative agency pursuant to the provisions of an ordinance of the competent ministry.

- (8) When an administrative agency has received an application for approval under the proviso to the preceding paragraph, it shall not grant its approval unless it finds that the activities pertaining to said application involve no risk of hindering the sound and appropriate administration of the operations of said specified mutual aid association.
- (9) With regard to the application of the provisions of paragraph (3) to a business cooperative in mutual aid activities and activities provided in paragraph (6), the term "partner" in the proviso to the same paragraph shall be deemed to be replaced with "partner, relatives who share the same livelihood with partner, and small-scale entrepreneurs who directly or indirectly constitute member cooperatives"; and with regard to the application of the provisions of the same paragraph to a minor business cooperative, the term "partner" in the proviso to the same paragraph shall be deemed to be replaced with "partner and relatives who share the same livelihood with partner."
- (10) A business cooperative or a minor business cooperative may guarantee obligations borne by its member against a financial institution prescribed in the articles of association or collect the claim with authority from said financial institution.
- (11) A business cooperative or a minor business cooperative may, pursuant to the provisions of the articles of association, guarantee obligations concerning the business of a member that are borne by the member against a person other than a financial institution.
- (12) An entrepreneur (excluding a small-scale entrepreneur) who has a business relationship with a business cooperative or a minor business cooperative shall respond to negotiations with sincerity when the representative person of the business cooperative or minor business cooperative (including the representative person of a federation of cooperatives of which said cooperative is a member) has indicated a desire to conduct negotiations for concluding a collective agreement pursuant to the provisions of a Cabinet Order.
- (13) A collective agreement under paragraph (1), item (vi) shall take effect by being concluded by a document clearly stating that the agreement is a collective agreement under the same item.
- (14) A collective agreement under paragraph (1), item (vi) shall take effect directly



against partner.

- (15) With regard to a contract concluded by a member of which the contents violate the standards prescribed in a collective contract under paragraph (1), item (vi), the portion of the contract that violates said standards shall be deemed to have been concluded in accordance with said standards.

#### Article 9-2-2 (Mediation or Conciliation)

- (1) Both parties or either party of the negotiations under paragraph (12) of the preceding Article may, when said negotiations cannot be held or when no agreement is reached with regard to the contents of the collective agreement, file an application for mediation or conciliation with an administrative agency.
- (2) When an administrative agency receives an application set forth in the preceding paragraph and finds it to be necessary for securing the fairness of economic transactions, it shall carry out the mediation or conciliation promptly.
- (3) In the case where an administrative agency carries out a conciliation pursuant to the provisions of the preceding paragraph, it may prepare a conciliation proposal and, by indicating it to the parties concerned, recommend them to accept it, and publicize the conciliation proposal together with the reason therefor.
- (4) With regard to mediation or conciliation under the preceding two paragraphs, an administrative agency shall consult with the Small and Medium Enterprise Policy Making Council or the Prefectural Small and Medium Enterprise Conciliation Council.

#### Article 9-2-3 (Exception on Use of Services by Non-Partner)

- (1) A business cooperative or a minor business cooperative may, when the administration of services that are provided using its own facility is hindered to an extreme degree due to a decrease in the utilize of said services by its partner resulting from the withdrawal of partner or any other unavoidable circumstances, have non-partner utilize said services to the extent that the total value of the amount of utilize of services by non-partner during a single business year shall not exceed two hundred percent of the total value of the amount of utilize by its partner during said business year, notwithstanding the provisions of the proviso to Article 9-2, paragraph (3), if it has specified a period and obtained the approval of an administrative agency that it is necessary and appropriate for achieving normalization of the administration of said services to have non-partner utilize said services in excess of the limit prescribed in the proviso to the same paragraph, pursuant to the provisions of an ordinance of the competent ministry.
- (2) With regard to services pertaining to the approval under the preceding paragraph, when an administrative agency finds that it is no longer necessary and appropriate for achieving normalization of the administration of said services to have

non-partner utilize said services in excess of the limit prescribed in the proviso to Article 9-2, paragraph (3), it may rescind said approval.

#### Article 9-3 (Issuance of Warehouse Receipts)

- (1) A business cooperative engaged in a storage business may, by obtaining the approval of the Minister of Land, Infrastructure and Transport, issue warehouse receipts for the goods deposited by its partner.
- (2) A business cooperative which has received the approval set forth in the preceding paragraph shall deliver a warehouse receipt for goods deposited, based on a request from a member depositor.
- (3) With regard to warehouse receipts under paragraph (1), the provisions of Article 627, paragraph (2) (Application Mutatis Mutandis of the Provisions on Deposit Receipts) and Article 628 (Pledge of Warehouse Receipts) of the Commercial Code (Act No. 48 of 1899) shall apply mutatis mutandis.
- (4) With regard to the case under paragraph (1), the provisions of Article 8, paragraph (2), Article 12, Article 22 and Article 27 (Supervision) of the Warehousing Business Act (Act No. 121 of 1956) shall apply mutatis mutandis. In this case, the term "standards set forth in Article 6, paragraph (1), item (iv)" in Article 12 of the same Act shall be deemed to be replaced with "standards specified by an Ordinance of the Ministry of Land, Infrastructure and Transport."

#### Article 9-4

A warehouse receipt prepared by a business cooperative, which has been approved under paragraph (1) of the preceding Article, shall indicate the word "warehouse receipt" in combination with the name of said business cooperative.

#### Article 9-5

- (1) The storage period of goods deposited for which a business cooperative has issued a warehouse receipt shall be within six months from the date of deposit.
- (2) The storage period of goods deposited set forth in the preceding paragraph may be renewed for up to six months; provided, however, that this shall be limited to the case where the renewal does not hinder use by partner, if the holder of the receipt at the time of the renewal is not a member.

#### Article 9-6

With regard to the case where a business cooperative has issued a warehouse receipt, the provisions of Articles 616 to 619 and Articles 624 to 626 (Rights of the Depositor or the Holder of the Receipt and the Responsibilities of the Warehouse Business Operator) of the Commercial Code shall apply mutatis mutandis.

#### Article 9-6-2 (Mutual Aid Rules)

- (1) When a business cooperative or a minor business cooperative intends to engage in mutual aid activities, it shall establish mutual aid rules and obtain the approval of an administrative agency, pursuant to the provisions of an ordinance of the competent ministry.
- (2) Mutual aid rules shall contain statements on the types of mutual aid activities and other matters specified by an ordinance of the competent ministry concerning the implementation method of the activities, mutual aid contracts, mutual aid premiums, and the calculation method of the amount of liability reserve.
- (3) With regard to the application of the provisions of the preceding paragraph in the case where a business cooperative intends to engage in activities of compulsory automobile liability mutual aid (hereinafter referred to as "liability mutual aid") provided in Article 5 (Compulsory Conclusion of Contracts on Liability Mutual Aid, etc.) of the Automobile Liability Security Act (Act No. 97 of 1955), the reinsurance of mutual aid liabilities borne through a liability mutual aid contract (hereinafter referred to as "liability reinsurance") or the retrocession of reinsurance liabilities borne through a liability reinsurance contract (hereinafter collectively referred to as "liability mutual aid, etc."), the phrase "the types of mutual aid activities and other matters specified by an ordinance of the competent ministry concerning the implementation method of the activities, mutual aid contracts, mutual aid premiums, and the calculation method of the amount of liability reserve" in the preceding paragraph shall be deemed to be replaced with "matters specified by an ordinance of the competent ministry concerning the implementation method of the activities of liability mutual aid, etc., mutual aid contracts, and mutual aid premiums."
- (4) Changes to or the abolition of mutual aid rules shall not take effect without the approval of an administrative agency having been obtained.

#### Article 9-6-3 (Transfer, etc. of the Interest Insured)

- (1) In the case where the interest insured under a mutual aid contract has been transferred, the transferee may succeed to the rights and obligations under the mutual aid contract which the transferrer holds with regard to said interest insured, by gaining the consent of the business cooperative or minor business cooperative conducting the mutual aid activities. In this case, if said interest insured is no longer the property of a member as provided in the proviso to Article 9-2, paragraph (3) as applied mutatis mutandis by replacing the terms pursuant to paragraph (9) of the same Article (hereinafter referred to as a "member, etc." in this Article) due to its transfer, said interest insured shall be deemed to be the property of the member, etc. during the period of said mutual aid contract, and the provisions of Article 9-2, paragraph (1), item (iii), paragraph (3) and paragraph (9)

shall apply.

- (2) The provisions of the preceding paragraph shall apply mutatis mutandis to the case where the interest insured has been succeeded to due to death, a merger or a split.
- (3) In the case where a member, etc. has ceased to be a member, etc. (excluding the case prescribed in the preceding paragraph), if any property among the interest insured under the mutual aid contract that has been concluded at that time ceases to be the property of the member, etc. due to the member, etc. ceasing to be a member, etc., said property shall be deemed to be the property of the member, etc. during the period of the mutual aid contract pertaining to said property, and the provisions of Article 9-2, paragraph (1), item (iii), paragraph (3) and paragraph (9) shall apply.

#### Article 9-7 (Issuance of Gift Vouchers)

- (1) A business cooperative may, pursuant to the provisions of laws and regulations, issue gift vouchers for the goods handled by its partner.
- (2) When a business cooperative has issued a gift voucher, its partner shall have an obligation to exchange it with goods they handle.
- (3) In the case where a business cooperative has issued a gift voucher, if its partner is unable to exchange the gift voucher or have suspended the exchange, the business cooperative shall be liable to pay the owner of the gift voucher up to a limit of the amount indicated on the face of the gift voucher.
- (4) In the case where a business cooperative that has issued a gift voucher sells goods itself, the term "partner" in the preceding three paragraphs shall be deemed to be replaced with "the business cooperative and the partner."

#### Article 9-7-2 (Fire Mutual Aid Cooperatives)

- (1) A fire mutual aid cooperative shall conduct the following activities:
  - (i) Fire mutual aid activities (which means mutual aid activities for covering damages that may be caused to property by a fire or by any of the mutual aid incidents when collectively deeming that a fire and all or part of a rupture, explosion, lightning strike, and other accidental incidents specified by an ordinance of the competent ministry to be mutual aid incidents; the same shall apply hereinafter) for its partner
  - (ii) Activities incidental to the activities set forth in the preceding item
- (2) In addition to what are listed in the items of the preceding paragraph, a fire mutual aid cooperative may act as an agent in carrying out the operations or processing the affairs (limited to insurance solicitation and affairs that are specified by an ordinance of the competent ministry set forth in Article 9-2, paragraph (6) as those associated thereto) of an insurance company or any person

specified by an ordinance of the competent ministry set forth in the same paragraph as one equivalent thereto.

- (3) With regard to a fire mutual aid cooperative, the provisions of Article 9-2, paragraph (3) and Article 9-6-3 shall apply mutatis mutandis. In this case, the term "partner" in the proviso to the same paragraph shall be deemed to be replaced with "partner, relatives who share the same livelihood with partner, and small-scale entrepreneurs provided in Article 8, paragraph (3) who directly or indirectly constitute member cooperatives"; the phrase "the proviso to Article 9-2, paragraph (3) as applied mutatis mutandis by replacing the terms pursuant to paragraph (9) of the same Article" in Article 9-6-3, paragraph (1) shall be deemed to be replaced with "the proviso to Article 9-2, paragraph (3) as applied mutatis mutandis by replacing the terms pursuant to Article 9-7-2, paragraph (3)"; and the term "Article 9-2, paragraph (1), item (iii), paragraph (3) and paragraph (9)" in the Article 9-6-3, paragraph (1) and the term "Article 9-2, paragraph (1), item (iii), paragraph (3) and paragraph (9)" in Article 9-6-3, paragraph (3) shall be deemed to be replaced with "Article 9-7-2."

Article 9-7-3 Deleted.

Article 9-7-4 Deleted.

Article 9-7-5 (Application Mutatis Mutandis of the Commercial Code, etc.)

- (1) The provisions of Part 2, Chapter X, Section 1, Subsection 1 (excluding Article 650, paragraph (1) and Article 664) (General Provisions on Casualty Insurance) of the Commercial Code shall apply mutatis mutandis to mutual aid contracts concluded by a business cooperative or a minor business cooperative engaged in mutual aid activities or a fire mutual aid cooperative (hereinafter referred to as "a cooperative engaged in mutual aid activities" in this Article) whereby mutual aid premiums are received by promising to compensate for damages that may be caused by certain accidental incidents; the provisions of Subsection 2 (Fire Insurance) of the same Section shall apply mutatis mutandis to fire mutual aid contracts concluded by a fire mutual aid cooperative; the provisions of Subsection 3 (Cargo Insurance) of the same Section shall apply mutatis mutandis to mutual aid contracts concluded by a cooperative engaged in mutual aid activities (excluding a fire mutual aid cooperative) whereby mutual aid premiums are received by promising to compensate for damages to cargos that may be caused by certain accidental incidents; and the provisions of Section 2 (excluding the provisions pertaining to Article 664 among the provisions on application mutatis mutandis set forth in Article 683, paragraph (1)) (Life Insurance) of the same Chapter shall apply mutatis mutandis to mutual aid contracts concluded by a cooperative

engaged in mutual aid activities (excluding a fire mutual aid cooperative) whereby mutual aid premiums are received by promising to pay a certain amount of money with regard to the survival or death of a person (including a physical condition where said person has been diagnosed by a doctor to have no more than a certain period left to live).

- (2) The provisions of Article 275, paragraph (1), item (ii) and paragraph (2) (Restriction on Insurance Solicitation) of the Insurance Business Act shall apply mutatis mutandis to the solicitation of mutual aid contracts of a cooperative engaged in mutual aid activities; the provisions of Article 283 (Liability for Compensation of the Insurance Company Concerned, etc.) of the same Act shall apply mutatis mutandis to the solicitation of mutual aid contracts of a cooperative engaged in mutual aid activities carried out by officers or employees of said cooperative engaged in mutual aid activities, and by any mutual aid agent (which means a person who acts as an agent or intermediary in concluding mutual aid contracts for a cooperative under entrustment by said cooperative, and who is not an officer nor an employee of said cooperative; the same shall apply hereinafter) of said cooperative engaged in mutual aid activities and officers or employees of said mutual aid agent; the provisions of Article 294 (Explanations to Customers) of the same Act shall apply mutatis mutandis to officers and employees of a cooperative engaged in mutual aid activities, any mutual aid agent of said cooperative engaged in mutual aid activities, and officers and employees of said mutual aid agent, carrying out solicitation of mutual aid contracts; the provisions of Article 295 (Prohibition of Self-Contract) of the same Act shall apply mutatis mutandis to a mutual aid agent; the provisions of Article 300 (Prohibited Acts) of the same Act shall apply mutatis mutandis to a cooperative engaged in mutual aid activities and any mutual aid agent thereof (including their officers and employees) carrying out mutual aid activities; the provisions of Article 305 (On-Site Inspections, etc.), Article 306 (Order to Improve Business Operations), and Article 307, paragraph (1), item (iii) (Rescission of Registration, etc.) of the same Act shall apply mutatis mutandis to a mutual aid agent; the provisions of Article 309 (Revocation of Applications for Insurance Contracts, etc.) of the same Act shall apply mutatis mutandis to the revocation or cancellation of an offer for a mutual aid contract by a person who has filed an offer with a cooperative engaged in mutual aid activities or by a mutual aid contractor; and the provisions of Article 311 (Carrying and Presenting of Identification Cards by Inspection Officials) of the same Act shall apply mutatis mutandis to officials who enter, question, and inspect pursuant to the provisions of Article 305 of the same Act as applied mutatis mutandis pursuant to this paragraph. In this case, the term "Cabinet Office Ordinance" in Article 275, paragraph (1), item (ii), Article 294, item (iii), Article 295, paragraph (2), Article 300, paragraph (1), item (vii) and item (ix), and Article 309, paragraph (1), item (i),

paragraph (2), paragraph (3), paragraph (5) and paragraph (6) of the same Act shall be deemed to be replaced with "ordinance of the competent ministry"; the phrase "a casualty insurance company (including a foreign casualty insurance company, etc.; hereinafter the same shall apply in this Part)" in Article 275, paragraph (1), item (ii), and paragraph (2) of the same Act shall be deemed to be replaced with "a cooperative engaged in mutual aid activities"; the phrase "a casualty insurance agent registered under the following Article" in the same provisions shall be deemed to be replaced with "a mutual aid agent notified under Article 106-3, item (i) of the Small and Medium-Sized Enterprise Cooperatives Act"; the phrase "which is a casualty insurance agent" in the same provisions shall be deemed to be replaced with "which is a mutual aid agent"; the phrase "by obtaining registration under the following Article or Article 286" in paragraph (2) of the same Article shall be deemed to be replaced with "by giving the notification under Article 106-3, item (i) of the Small and Medium-Sized Enterprise Cooperatives Act"; the phrase "provided insurance contract prescribed in the following Article" in Article 300, paragraph (1) of the same Act shall be deemed to be replaced with "specified mutual aid contract prescribed in Article 9-7-5, paragraph (3) of the Small and Medium-Sized Enterprise Cooperatives Act"; the phrase "person having a specified relationship (which means any person having a specified relationship as prescribed in Article 103 [including the cases where it is applied mutatis mutandis pursuant to Article 272-13, paragraph (2); the same shall apply in the following Article] or any person having a special relationship as prescribed in Article 194, who is not an insurance holding company or a small-sum, short term insurance holding company (hereinafter referred to as an 'insurance holding company, etc.' in this Article and Article 301-2) for which said insurance company, etc. or foreign insurance company, etc. is a subsidiary company, nor a subsidiary company (excluding an insurance company, etc. or foreign insurance company, etc.) of said insurance holding company, etc., nor a person engaged in insurance business)" in Article 300, paragraph (1), item (viii) of the same Act shall be deemed to be replaced with "subsidiary company, etc. (which means a subsidiary company, etc. prescribed in Article 61-2, paragraph (2) of the Small and Medium-Sized Enterprise Cooperatives Act)"; the phrase "documents listed in the items of Article 4, paragraph (2), items of Article 187, paragraph (3) or items of Article 272-2, paragraph (2)" in Article 300, paragraph (2) of the same Act shall be deemed to be replaced with "the articles of association, or mutual aid rules prescribed in Article 9-6-2, paragraph (1) of the Small and Medium-Sized Enterprise Cooperatives Act, or fire mutual aid rules prescribed in Article 27-2, paragraph (3) of the same Act"; the term "Prime Minister" in Article 305 and Article 306 of the same Act shall be deemed to be replaced with "administrative agency"; the term "Prime Minister" in Article 307, paragraph (1) of the same Act

shall be deemed to be replaced with "administrative agency"; the phrase "when a specified insurance solicitor or an insurance broker falls under any of the following items, may rescind the registration set forth in Article 276 or Article 286, or may" in the same provisions shall be deemed to be replaced with "when a specified insurance solicitor or an insurance broker falls under item (iii), may"; and the phrase "all or part of the operations" in the same provisions shall be deemed to be replaced with "solicitation of mutual aid contracts."

- (3) The provisions of Chapter III, Section 1, Subsection 5 (excluding Article 34-2, paragraphs (6) to (8) and Article 34-3, paragraph (5) and paragraph (6)) (Professional Investors) and Article 45 (excluding item (iii) and item (iv)) (Miscellaneous Provisions) of the Financial Instruments and Exchange Act (Act No. 25 of 1948) shall apply mutatis mutandis to the conclusion of a specified mutual aid contract (which means a mutual aid contract specified by an ordinance of the competent ministry as one which carries the risk of incurring a loss [which means the risk that the total amount of mutual aid premiums to be paid by the user as a result of the conclusion of said mutual aid contract would exceed the total amount of mutual aid money, etc. prescribed in Article 58, paragraph (6) to be acquired by said user as a result of the conclusion of said mutual aid contract] due to fluctuations in the money rate, value of currencies, quotations on the financial instruments market prescribed in Article 2, paragraph (14) of the same Act, and other indicators; hereinafter the same shall apply in the following paragraph) by a cooperative engaged in mutual aid activities; and the provisions of Section 1, Subsection 1 of the same Chapter (excluding Articles 35 to 36-4, Article 37, paragraph (1), item (ii), Article 37-2, Article 37-3, paragraph (1), item (ii) and item (vi) and paragraph (3), Article 37-5, Article 37-6, Article 38, item (i) and item (ii), Article 38-2, the proviso to Article 39, paragraph (3), Article 39, paragraph (5), Article 40-2, and Article 40-3) (General Rules) shall apply mutatis mutandis to the conclusion of a specified mutual aid contract by a cooperative engaged in mutual aid activities or a mutual aid agent or to acting as an agent or intermediary therefor. In this case, the term "contract for a financial instruments transaction" in these provisions shall be deemed to be replaced with "specified mutual aid contract"; the term "financial instruments business" in these provisions shall be deemed to be replaced with "conclusion of a specified mutual aid contract or acting as an agent or intermediary therefor"; the term "Cabinet Office Ordinance" in these provisions (excluding the provisions of the main clause of Article 39, paragraph (3) of the same Act) shall be deemed to be replaced with "ordinance of the competent ministry"; the term "financial instruments business act" in these provisions (excluding the provisions of Article 34 of the same Act) shall be deemed to be replaced with "conclusion of a specified mutual aid contract"; the phrase "contract to conduct financial instruments business acts (meaning acts listed in each item of



Article 2, paragraph (8); the same shall apply hereinafter) with a customer as the other party or on behalf of a customer" in Article 34 of the same Act shall be deemed to be replaced with "specified mutual aid contract prescribed in Article 9-7-5, paragraph (3) of the Small and Medium-Sized Enterprise Cooperatives Act"; the phrase "intends to conclude a contract for a financial instruments transaction" in Article 37-3, paragraph (1) of the same Act shall be deemed to be replaced with "intends to conclude a contract for a financial instruments transaction, or acts as an agent or intermediary for such conclusion"; the term "the following matters" in the same paragraph shall be deemed to be replaced with "the following matters and other important matters out of the provisions of the mutual aid contract prescribed in Article 300, paragraph (1), item (i) of the Insurance Business Act as applied mutatis mutandis by replacing terms pursuant to Article 9-7-5, paragraph (2) of the Small and Medium-Sized Enterprise Cooperatives Act"; the term "financial instruments business operator, etc." in item (i) of the same paragraph shall be deemed to be replaced with "cooperative engaged in mutual aid activities (which means a cooperative engaged in mutual aid activities prescribed in Article 9-7-5, paragraph (1) of the Small and Medium-Sized Enterprise Cooperatives Act; hereinafter the same shall apply) or the cooperative for which said mutual aid agent (which means a mutual aid agent prescribed in paragraph (2) of the same Article) carries out mutual aid activities under entrustment"; the phrase "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 transaction of derivatives (hereinafter referred to as 'sales and purchase or transaction of securities, etc.' in this Article)" in Article 39, paragraph (1), item (i) of the same Act shall be deemed to be replaced with "conclusion of a specified mutual aid contract"; the phrase "securities or transaction of derivatives (hereinafter referred to as 'securities, etc.' in this Article)" in the same item shall be deemed to be replaced with "specified mutual aid contract"; the phrase "customer (in the case where a trust company, etc. [meaning a trust company or financial institution that has obtained approval under Article 1, paragraph (1) of the Act on Provision, etc. of Trust Business by Financial Institutions; the same shall apply hereinafter] conducts the sales and purchase of securities or transaction of derivatives for the account of the person who sets up a trust under a trust contract, including such person who sets up the trust; hereinafter the same shall apply in this Article)" in the same item shall be deemed to be replaced with "user"; the term "loss" in the same item shall be deemed to be replaced with "loss (which means, in the case where the total amount of mutual aid premiums to be paid by the user as a result of the conclusion of said specified mutual aid contract exceeds the total amount of mutual aid money, etc. [which means mutual aid money, etc. prescribed in Article 58, paragraph (6) of the Small

and Medium-Sized Enterprise Cooperatives Act; hereinafter the same shall apply in this item] to be acquired by said user as a result of the conclusion of said specified mutual aid contract, the amount obtained by deducting the total amount of said mutual aid money, etc. from the total amount of said mutual aid premiums; hereinafter the same shall apply in this Article)"; the phrase "property benefit will be provided to the customer or such third party in order for the financial instruments business operator, etc. or the third party to compensate or make up for" in the same item shall be deemed to be replaced with "property benefit will be provided to the customer or such third party, separately from said specified mutual aid contract, in order for the financial instruments business operator, etc. or the third party to compensate or make up for"; the term "sales and purchase or transaction of securities, etc." in item (ii) and item (iii) of the same paragraph shall be deemed to be replaced with "conclusion of a specified mutual aid contract"; the term "securities, etc." in the same provisions shall be deemed to be replaced with "specified mutual aid contract"; the phrase "property benefit will be provided to the customer in order for the financial instruments business operator, etc. or such third party to compensate for the whole or part of a loss incurred by the customer from the relevant securities, etc. or make an addition to" in item (ii) of the same paragraph shall be deemed to be replaced with "property benefit will be provided to the customer, separately from said specified mutual aid contract, in order for the financial instruments business operator, etc. or such third party to compensate for the whole or part of a loss incurred by the customer from the relevant securities, etc. or make an addition to"; the phrase "providing property benefit to a customer or a third party or having a third party provide it to a customer, with regard to the sales and purchase or transaction of securities, etc., in order to compensate for the whole or part of a loss incurred by the customer from the relevant securities, etc. or make an addition to" in item (iii) of the same paragraph shall be deemed to be replaced with "providing property benefit to a customer or a third party, separately from said specified mutual aid contract, or having a third party provide it to a customer, with regard to the sales and purchase or transaction of securities, etc., in order to compensate for the whole or part of a loss incurred by the customer from the relevant securities, etc. or make an addition to"; the term "sales and purchase or transaction of securities, etc." in paragraph (2) of the same Article shall be deemed to be replaced with "conclusion of a specified mutual aid contract"; the phrase "that is designated by a Cabinet Office Ordinance as a potential cause" in paragraph (3) of the same Article shall be deemed to be replaced with "that is a potential cause"; the phrase "Articles 37-2 to 37-6, Article 40-2, paragraph (4), and Article 43-4" in Article 45, item (ii) of the same Act shall be deemed to be replaced with "Article 37-3 (limited to the portions pertaining to the matters listed in the items of paragraph (1), and excluding item (ii) and item (vi) of the same paragraph

and paragraph (3)) and Article 37-4"; and any other necessary technical replacement of terms shall be specified by a Cabinet Order.

Article 9-8 (Credit Cooperatives)

- (1) A credit cooperative shall conduct the following activities:
  - (i) Loan of funds to partner
  - (ii) Discounting of bills for partner
  - (iii) Acceptance of deposits or installment savings of partner
  - (iv) Activities incidental to the activities set forth in the preceding three items
- (2) Other than the activities set forth in the preceding paragraph, a credit cooperative may additionally conduct the following activities:
  - (i) Exchange transactions
  - (ii) Acceptance of deposits from the State, local public entities and other not-for-profit juridical persons (hereinafter referred to as "the State, etc." in this paragraph)
  - (iii) Acceptance of deposits or installment savings from the spouse or other relatives who share the same livelihood with partner (hereinafter referred to as "the spouse, etc." in this paragraph)
  - (iv) Acceptance of deposits or installment savings from non-partner (excluding the State, etc. or the spouse, etc.)
  - (v) Loan of funds (including discounting of bills; the same shall apply in paragraph (1), item (ii) of the following Article) to non-partner
  - (vi) Guarantee of obligations or acceptance of bills (limited to such activities as specified by a Cabinet Office Ordinance such as those conducted for partner)
  - (vii) Sale and purchase of securities (excluding those that are monetary claims that are indicated in the form of certificates as provided in item (x) and short term company bonds, etc.; hereinafter the same shall apply in item (x)-2 and item (xi) (excluding such sale and purchase of securities that fall under the category of transactions of securities-related derivatives) or transactions of securities-related derivatives (limited to those carried out for the purpose of investment or to the intermediary service of securities transactions on receiving written orders)
  - (viii) Loan of securities (limited to such activities specified by a Cabinet Office Ordinance such as those conducted for partner)
  - (ix) Underwriting (excluding that 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.") or handling of solicitation of the national government bonds pertaining to said underwriting
  - (x-i) Acquisition or transfer of monetary claims (including negotiable deposit certificates and other monetary claims indicated in the form of certificates which are specified by a Cabinet Office Ordinance)

- (x-ii) Underwriting (excluding that for the purpose of secondary distribution) of specified company bonds issued by a special purpose company (excluding specified short term company bonds, and limited to those for acquiring only nominative monetary claims or the beneficial interest in trust in which nominative monetary claims are entrusted by using the money gained through issuance of said specified company bonds under an asset liquidation plan) and other securities that are specified by a Cabinet Office Ordinance as those equivalent thereto (hereinafter referred to as "specified company bonds, etc." in this item) or handling of solicitation of the specified company bonds, etc. pertaining to said underwriting
- (x-iii) Acquisition or transfer of short term company bonds, etc.
- (xi) Handling of private placement of securities
- (xii) Acting as an agent or intermediary in carrying out the operations of a credit cooperative, a federation of cooperatives engaged in the activities set forth in paragraph (1), item (i) of the following Article, the National Life Finance Corporation, or any other person specified by the Prime Minister (limited to such activities specified by the Prime Minister)
- (xiii) Receipt of money and handling of other monetary affairs for the State, local public entities and companies, etc.
- (xiv-i) Safekeeping of securities, precious metals and any other articles
- (xiv-ii) Book-entry transfer business
- (xv-i) Exchange of money
- (xv-ii) Transactions of derivatives (excluding those that fall under the category of transactions of securities-related derivatives; the same shall apply in the following item) which are specified by a Cabinet Office Ordinance (excluding those that fall under the activities set forth in item (x))
- (xvi) Intermediary, introducing brokerage or agency services for transactions of derivatives (limited to those specified by a Cabinet Office Ordinance)
- (xvii) Transactions promising the payment or receipt of the amount of money calculated based on the difference between the numeric value, which has been agreed upon between the parties in advance as the interest rate, price of currency, price of goods or numeric value of another index, and the actual numeric value of such index at a certain time in the future, or transactions similar thereto, which are specified by a Cabinet Office Ordinance (referred to as "financial derivative transactions" in the following item) (excluding those that fall under the activities set forth in item (x) and item (xv)-2)
- (xviii) Acting as an intermediary, an introducing broker or an agent in carrying out financial derivative transactions (excluding such activities that fall under the activities set forth in item (xvi) and those specified by a Cabinet Office Ordinance)

- (xix) Over-the-counter transactions of securities-related derivatives (limited to those that are settled by paying or receiving the differences, in the case where the securities subject to said over-the-counter transactions of securities-related derivatives fall under the category of monetary claims indicated in the form of certificates as prescribed in item (x) and those that are not short term company bonds, etc.; the same shall apply in the following item) (excluding those that fall under the activities set forth in item (vii))
- (xx) Acting as an intermediary, an introducing broker or an agent in carrying out over-the-counter transactions of securities-related derivatives
- (xxi) Activities incidental to the activities set forth in the preceding items
- (3) The total amount of deposits and installment savings pertaining to the activities set forth in item (iv) of the preceding paragraph of a credit cooperative shall not exceed an amount equivalent to twenty percent of the total amount of the deposits and installment savings of said credit cooperative.
- (4) A credit cooperative shall carry out the activities set forth in paragraph (2), item (v) within a limit so as not to obstruct the execution of the activities set forth in paragraph (1), item (i) and item (ii), pursuant to the provisions of a Cabinet Order.
- (5) The activities set forth in paragraph (2), item (x) shall include the activities of conducting the acts listed in Article 2, paragraph (8), items (i) to (vi) and items (viii) to (x) (Definitions) of the Financial Instruments and Exchange Act for those monetary claims indicated in the form of certificates as prescribed in the same item that fall under the category of securities, and the activities set forth in item (x-iii) of the same paragraph shall include such activities for short term company bonds, etc.
- (6) In paragraph (2) and the preceding paragraph, the meanings of the terms listed in the following items shall be as prescribed respectively in those items:
  - (i) Short Term company bonds, etc.-The following:
    - (a) Short Term company bonds prescribed in Article 66, item (i) (Attribution of Rights) of the Act concerning Book-entry Transfer of Company Bonds and Other Securities, etc. (Act No. 75 of 2001)
    - (b) 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 1999)
    - (c) Short Term securities investment juridical person bonds prescribed in Article 139-12, paragraph (1) (Special Provisions on Short Term Securities Investment Juridical Person Bonds) of the Act on Securities Investment Trust and Securities Investment Corporations (Act No. 198 of 1951)
    - (d) Short Term bonds prescribed in Article 54-4, paragraph (1) (Issuance of Short Term Bonds of the National Federation) of the Shinkin Bank Act (Act No. 238 of 1951)

- (e) Short Term company bonds prescribed in Article 61-10, paragraph (1) (Exceptions Concerning Short Term Company Bonds) of the Insurance Business Act
- (f) Specified short term company bonds prescribed in Article 2, paragraph (8) (Definitions) of the Act on Securitization of Assets (Act No. 105 of 1998)
- (g) Short Term agriculture and forestry bonds prescribed in Article 62-2, paragraph (1) (Issuance of Short Term Agriculture and Forestry Bonds) of the Norinchukin Bank Act (Act No. 93 of 2001)
- (h) Among the rights to be indicated on securities (excluding those that have the character of bonds with share options) issued by a foreign juridical person the attribution of which rights is to be decided by the statement or record in the transfer account book pursuant to the provisions of the Act concerning Book-entry Transfer of Company, etc., those that satisfy all of the following requirements:
  1. The value of each right shall not be less than one hundred million yen.
  2. The principal shall be redeemed by a fixed due date that comes in less than one year from the date of payment of the total value of the rights, and shall not be redeemed in installment payments.
  3. The due date for the payment of interest shall be the same date as the due date for the redemption of the principal set forth in 2 above.
- (i)-2 Over-the-counter transactions of securities-related derivatives and intermediary service of securities transactions on receiving written orders-Respectively, over-the-counter transactions of securities-related derivatives prescribed in Article 28, paragraph (8), item (vi) (Definitions) of the Financial Instruments and Exchange Act and intermediary service of securities transactions on receiving written orders prescribed in Article 33, paragraph (2) (Prohibition, etc. of Securities-Related Business by Financial Institutions) of the same Act
- (ii) Government guaranteed bonds-Company bonds and any other bonds for which the government guarantees the redemption of the principal and the payment of interest
- (ii)-2 Special purpose company, asset liquidation plan, specified company bonds, and specified short term company bonds-Respectively, the special purpose company, asset liquidation plan, specified company bonds, and specified short term company bonds prescribed in Article 2, paragraph (3), paragraph (4), paragraph (7) and paragraph (8) (Definitions) of the Act on Securities of Assets
- (iii) Handling of private placement of securities-Handling of private placement of securities (which means private placement of securities prescribed in Article 2, paragraph (3) (Definitions) of the Financial Instruments and Exchange Act)
- (iii)-2 Book-entry transfer business- Book-entry transfer business conducted as an

account management institution set forth in Article 2, paragraph (4) (Definitions) of the Act concerning Book-entry Transfer of Company Bonds and Other Securities, etc.

(iii)-3 Transactions of derivatives-Transactions of derivatives prescribed in Article 2, paragraph (20) (Definitions) of the Financial Instruments and Exchange Act

(iv) Transactions of securities-related derivatives-Transactions of securities-related derivatives prescribed in Article 28, paragraph (8), item (iv) (Definitions) of the Financial Instruments and Exchange Act

(7) In addition to the activities conducted pursuant to the provisions of paragraph (1) and paragraph (2), a credit cooperative may carry out the activities of conducting the acts specified in the items of Article 33, paragraph (2) (Prohibition, etc. of Securities-related Business by Financial Institutions) of the Financial Instruments and Exchange Act (excluding the activities conducted pursuant to the provisions of paragraph (2)) with regard to securities and transactions listed in the items of the same paragraph, within a limit of not obstructing the execution of the activities set forth in paragraph (1), items (i) to (iii).

(8) In addition to the activities conducted pursuant to the provisions of paragraph (1) and paragraph (2), a credit cooperative may carry out the following activities, within a limit of not obstructing the execution of the activities set forth in paragraph (1), items (i) to (iii):

(i) Activities pertaining to trust business prescribed in Article 1, paragraph (1) (Approval of Provision of Trust Business) of the Act on Provision, etc. of Trust Business by Financial Institutions (Act No. 43 of 1943) pursuant to the same Act

(ii) Activities related to the affairs pertaining to a trust created by a method set forth in Article 3, item (iii) (Methods of Trust) of the Trust Act (Act No. 108 of 2006)

(9) In addition to the activities conducted pursuant to the provisions of paragraph (1) and paragraph (2), a credit cooperative may carry out the following activities for partner, local public entities, and other persons specified by a Cabinet Office Ordinance, within a limit of not obstructing the execution of the activities set forth in paragraph (1), items (i) to (iii).

(i) Acceptance of entrustment for solicitation or management of local government bonds, company bonds or any other bonds

(ii) Trust business concerning secured bonds conducted pursuant to the Secured Bonds Trust Act (Act No. 52 of 1905)

(10) With regard to the application of the Trust Business Act (Act No. 154 of 2004), the Secured Bonds Trust Act and any other laws and ordinances specified by a Cabinet Order regarding the activities set forth in paragraph (8), item (ii) and the activities prescribed in the preceding paragraph, a credit cooperative shall be deemed to be a company or a bank, pursuant to the provisions of a Cabinet Order.

In this case, the provisions of the proviso to Article 14, paragraph (2) (Trade Name) of the Trust Business Act shall not apply.

Article 9-9 (Federation of Cooperatives)

- (1) A federation of cooperatives may conduct a part of the following activities:
  - (i) Acceptance of deposits or installment savings of members
  - (ii) Loan of funds to members and borrowing of such funds for members
  - (iii) Reinsurance of mutual aid liabilities borne by a member in the course of fire mutual aid activities
  - (iv) Production, processing, sales, purchase, storage, transport, inspection and other joint activities related to the business of persons directly or indirectly constituting the federation of cooperatives (hereinafter referred to as "affiliates")
  - (v) Activities related to the welfare of affiliates
  - (vi) Activities related to the education and offer of information for achieving an improvement of the management and technology concerning the business of affiliates and the dissemination of knowledge concerning the cooperatives' activities
  - (vii) Activities related to research and development with regard to new products or new technology or the cultivation of demand for facilitating affiliates to advance into new business fields
  - (viii) Conclusion of collective agreements for improving the economic status of affiliates
  - (ix) Activities incidental to the activities set forth in the preceding items
- (2) A federation of cooperatives engaged in the activities set forth in item (i) of the preceding paragraph may not conduct activities other than the activities set forth in item (i) and item (ii) of the same paragraph and activities incidental thereto and the activities prescribed in paragraph (6), notwithstanding the provisions of the preceding paragraph.
- (3) A federation of cooperatives engaged in the activities set forth in paragraph (1), item (iii) may not conduct activities other than the activities set forth in item (ii) and item (iii) of the same paragraph and the bearing of mutual aid liabilities pertaining to fire mutual aid contracts in a joint manner with member fire mutual aid cooperatives, and activities incidental thereto, notwithstanding the provisions of the same paragraph.
- (4) A federation of cooperatives engaged in mutual aid activities pursuant to the provisions of paragraph (1), item (v) for which the total number of partner of its member cooperatives exceeds the standard specified by a Cabinet Order or which is engaged in the activities of the reinsurance of mutual aid liabilities or the retrocession of reinsurance liabilities borne by affiliate cooperatives in the course of mutual aid activities (hereinafter referred to as "specified federation of mutual aid



associations") may not conduct activities other than mutual aid activities and the activities set forth in item (ii) of the same paragraph, and activities incidental thereto, and the activities prescribed in Article 9-2, paragraph (6) as applied mutatis mutandis pursuant to the following paragraph, notwithstanding the provisions of paragraph (1); provided, however, that this shall not apply when it has obtained the approval of an administrative agency pursuant to the provisions of an ordinance of the competent ministry.

- (5) With regard to a federation of cooperatives (excluding that engaged in the activities set forth in paragraph (1), item (i) or item (iii)), the provisions of Article 9-2, paragraphs (2) to (15) (excluding paragraph (7) and paragraph (9) [limited to the portions pertaining to minor business cooperatives]), Articles 9-2-2 to 9-7, and Article 9-7-5 shall apply mutatis mutandis. In this case, the term "partner, relatives who share the same livelihood with partner, and small-scale entrepreneurs who directly or indirectly constitute member cooperatives" in Article 9-2, paragraph (9) shall be deemed to be replaced with "partner, affiliate small-scale entrepreneurs, and relatives who share the same livelihood with affiliate small-scale entrepreneurs."
- (6) A federation of cooperatives engaged in the activities set forth in paragraph (1), item (i) may conduct the following activities. In this case, the activities set forth in items (ii) to (v) shall be conducted within a limit of not obstructing the execution of the activities set forth in item (i) and item (ii) of the same paragraph.
- (i) Activities set forth in paragraph (2), item (ii), item (ii), and items (iv) to (xxi) of the preceding Article
  - (ii) Activities conducting the acts specified in the items of Article 33, paragraph (2) (Prohibition, etc. of Securities-related Business by Financial Institutions) of the Financial Instruments and Exchange Act (excluding the activities set forth in the preceding item) with regard to securities and transactions listed in the items of the same paragraph
  - (iii) Activities pertaining to trust business prescribed in Article 1, paragraph (1) (Approval of Provision of Trust Business) of the Act on Provision, etc. of Trust Business by Financial Institutions pursuant to the same Act
  - (iv) Activities related to the affairs pertaining to a trust created by a method set forth in Article 3, item (iii) (Methods of Trust) of the Trust Act
  - (iv) Activities set forth in the items of paragraph (9) of the preceding Article
- (7) With regard to a federation of cooperatives engaged in the activities set forth in paragraph (1), item (i), the provisions of paragraphs (3) to (6) and paragraph (10) of the preceding Article shall apply mutatis mutandis. In this case, the phrase "paragraph (1), item (i) and item (ii)" in paragraph (4) of the same Article shall be deemed to be replaced with "paragraph (1), item (ii) of the following Article" and the phrase "the activities set forth in paragraph (8), item (ii) and the activities

prescribed in the preceding paragraph" in paragraph (10) of the same Article shall be deemed to be replaced with "the activities set forth in paragraph (6), item (iv) and item (v) of the following Article."

- (8) With regard to a federation of cooperatives engaged in the activities set forth in paragraph (1), item (iii), the provisions of the first sentence of Article 9-6-3, paragraph (1) and Article 9-7-5 shall apply mutatis mutandis.

#### Article 9-10 (Joint Enterprise Cooperatives)

A joint enterprise cooperative shall engage in a commercial business, industrial business, mining business, transport business, service business or any other business.

#### Article 9-11

- (1) Partner (excluding specified partner; the same shall apply in the following paragraph to paragraph (4)) of or more one-half of all partner of a joint enterprise cooperative shall engage in the business conducted by the joint enterprise cooperative.
- (2) Or more one-third of the persons engaged in the business conducted by a joint enterprise cooperative shall be partner.
- (3) Partner of a joint enterprise cooperative shall not carry out transactions in the same category of business as that conducted by the joint enterprise cooperative either for themselves or for third parties, without obtaining the approval of the general meeting.
- (4) When a member has carried out transactions for himself/herself in violation of the provisions set forth in the preceding paragraph, a joint enterprise cooperative may, based on a resolution of the general meeting, deem said transactions to have been carried out for the joint enterprise cooperative.
- (5) The right prescribed in the preceding paragraph shall lapse if it remains unexercised for two months from the time when another member learned about said transactions. The same shall apply when one year has elapsed from the time of said transactions.
- (6) Specified partner of a joint enterprise cooperative shall not carry out all or part of the transactions in the same category of business as that conducted by the joint enterprise cooperative, without obtaining the approval of the general meeting.

### **Section 3 Partner**

#### Article 10 (Contribution)

- (1) A member shall offer or more one unit of contribution.
- (2) The unit amount of contribution shall be equal.
- (3) The number of units of contribution per member shall not exceed twenty-five

percent (ten percent in the case of a credit cooperative) of the total number of units of contribution; provided, however, that any of the following partner (excluding partner of a credit cooperative) may offer up to the number of units of contribution equivalent to thirty-five percent of the total number of units of contribution in the cooperative, when he/she has gained the approval of the cooperative based on a resolution of the general meeting:

- (i) A member receiving all or part of equity interest from another member who is transferring all of his/her equity interest
  - (ii) A member who is a juridical person formed by a merger or a joint formation-type split (which means a formation-type split jointly conducted by a juridical person with another juridical person; the same shall apply hereinafter) between partner who are juridical persons, which has joined the cooperative by offering the number of units of contribution equivalent to all or part of the number of units of contribution that had been offered by the member who is a juridical person dissolved by said merger or the partner who are juridical persons conducting said joint formation-type split, within one year from said merger or joint formation-type split
  - (iii) A member who is a juridical person surviving a merger with another member who is a juridical person or a member who is a juridical person succeeding to the business of another member who is a juridical person through an absorption-type split, which offers the number of units of contribution equivalent to all or part of the number of units of contribution that had been offered by the member who is a juridical person dissolved by said merger or the partner who are juridical persons conducting said absorption-type split, within one year from said merger or absorption-type split
  - (iv) In addition to what is listed in the preceding items, a member who, after the withdrawal of a member based on a ground set forth in any of the items of Article 19, paragraph (1), offers the number of units of contribution equivalent to all or part of the number of units of contribution that had been offered by the member who has withdrawn, within one year from the withdrawal
- (4) The provisions set forth in the preceding paragraph shall not apply to the number of units of contribution offered by a member of a cooperative with no more than three partners.
  - (5) The liability of a member shall be limited to the amount of his/her contribution.
  - (6) A member may not duly assert a set-off against the cooperative for payment of contribution.
  - (7) A majority of the total number of units of contribution in a joint enterprise cooperative shall be offered by partner (excluding specified partner) engaged in the business conducted by the cooperative.

Article 10-2 (Preparation, Keeping, and Inspection of a Member Registry)

- (1) A cooperative shall prepare a member registry and state or record the following matters with respect to each member:
  - (i) The name and the domicile or residence
  - (ii) The date of joining
  - (iii) The number of units, the amount, and the payment date of the contribution
- (2) A cooperative shall keep its member registry at its principal office.
- (3) Partner and obligees of a cooperative may make the following requests to the cooperative at any time during its business hours. In this case, the cooperative shall not refuse the request without justifiable grounds.
  - (i) If the member registry has been prepared in the form of a paper document, a request for inspection or copying of said document
  - (ii) If the member registry has been prepared in the form of an electromagnetic record (which means a record created in an electronic form, magnetic form or any other form that may not be recognized by human senses, which is provided for use in information processing by computers and which is specified by an ordinance of the competent ministry; hereinafter the same shall apply), a request for inspection or copying of the matters recorded in said electromagnetic record that have been displayed by a method specified by an ordinance of the competent ministry

Article 11 (Voting Right and Right to Elect)

- (1) Each member shall have a single voting right and the right to elect officers or representatives.
- (2) A member may, pursuant to the provisions of the articles of association, exercise his/her voting right or right to elect in writing or by proxy with regard to matters that have been notified in advance pursuant to the provisions of Article 49, paragraph (1). In this case, no person other than a relative or an employee of said member or another member may serve as a proxy.
- (3) A member may, pursuant to the provisions of the articles of association, exercise his/her voting right by electromagnetic means (which means a method using an electronic data processing system or any other method using information communications technology, which is specified by an ordinance of the competent ministry; the same shall apply hereinafter, except in Article 33, paragraph (4), item (iii)), in lieu of the exercise of the voting right in writing under the provisions of the preceding paragraph.
- (4) A person exercising a voting right or right to elect pursuant to the provisions of the preceding two paragraphs shall be deemed to be an attendant.
- (5) A proxy may not serve as a proxy for five or more partner.
- (6) A proxy shall submit a document proving the power of proxy to the cooperative. In

this case, if the exercise of a voting right by electromagnetic means is allowed pursuant to the provisions of the articles of association, the proxy may prove the power of proxy by electromagnetic means, in lieu of the submission of said document.

#### Article 12 (Imposition of Expenses)

- (1) A cooperative (excluding a joint enterprise cooperative) may impose expenses on its partner, pursuant to the provisions of the articles of association.
- (2) Notwithstanding the provisions of the preceding paragraph, a cooperative engaged in mutual aid activities may not impose expenses on its partner with regard to said mutual aid activities (including activities incidental thereto).
- (3) A member may not duly assert a set-off against the cooperative for the payment of expenses under paragraph (1).

#### Article 13 (Use Fees and Commission Fees)

A cooperative (excluding a joint enterprise cooperative) may collect use fees and commission fees pursuant to the provisions of the articles of association.

#### Article 14 (Freedom to Join)

When a person qualified to be a member intends to join a cooperative, the cooperative shall not, without justifiable grounds, refuse said person membership or impose more difficult conditions on said person on becoming a member than those imposed when present partner joined the cooperative.

#### Article 15 (Membership)

A person who intends to join a cooperative shall become a member when he/she has, after gaining the consent of the cooperative with regard to becoming a member pursuant to the provisions of the articles of association, completed the payment of the amount corresponding to the number of units of contribution he/she offers or, if the cooperative has rules for collecting an initial fee, the payment of said fee, or succeeded to all or part of the equity interest of a member.

#### Article 16

- (1) When the heir of a deceased member who is qualified to be a member has filed an application to join a cooperative within a period specified by the articles of association, he/she shall be deemed to have become a member at the time of the commencement of succession, notwithstanding the provisions of the preceding Article. In this case, the member who is an heir shall succeed to the rights and obligations of the deceased member with regard to the equity interest of the decedent.

- (2) When there are several heirs to a deceased member, the provisions set forth in the preceding paragraph shall apply only to a single heir who has been selected with the consent of the other heirs.

#### Article 17 (Transfer of Equity Interest)

- (1) No member may transfer his/her equity interest without the approval of the cooperative.
- (2) When a non-member intends to receive a transfer of equity interest, said transfer shall be governed by the same rules as those for membership.
- (3) The transferee of equity interest shall succeed to the rights and obligations of the transferrer with regard to said equity interest.
- (4) No member shall jointly own equity interest.

#### Article 18 (Voluntary Withdraw)

- (1) A member may withdraw at the end of a business year by giving at least ninety days' advance notice.
- (2) The period for advance notice set forth in the preceding paragraph may be extended by the articles of association; provided, however, that said period shall not exceed one year.

#### Article 19 (Statutory Withdrawal)

- (1) A member shall withdraw based on any of the following grounds:
  - (i) Loss of member qualification
  - (ii) Death or dissolution
  - (iii) Expulsion
  - (iv) Final and binding cease and desist order by the Fair Trade Commission under the provisions of Articles 107 to 109
  - (v) Loss of the entire equity interest (limited to a credit cooperative or a member of a federation of cooperatives engaged in the activities set forth in Article 9-9, paragraph (1), item (i))
- (2) Any of the following partners may be expelled based on a resolution of the general meeting. In this case, the cooperative shall notify said member to that effect by ten days prior to the day of the general meeting and give said member an opportunity to explain himself/herself at the general meeting.
  - (i) A member who has not used the cooperative's services for a long time
  - (ii) A member who has failed to pay his/her contribution or expenses or perform any other obligation against the cooperative, or a specified member who has violated the provisions of Article 9-11, paragraph (6)
  - (iii) Any other member who falls under any ground prescribed in the articles of association

(3) Expulsion may not be duly asserted against the expelled member unless said member has been notified to that effect.

#### Article 20 (Refund of Equity Interest of Withdrawn Member)

(1) When a member has withdrawn pursuant to the provisions of Article 18 or paragraph (1), items (i) to (iv) of the preceding Article, he/she may claim a refund of all or part of his/her equity interest, pursuant to the provisions of the articles of association.

(2) The equity interest set forth in the preceding paragraph shall be decided based on the cooperative's property at the end of the business year in which the member withdrew.

(3) When calculating the equity interest set forth in the preceding paragraph, if the cooperative's property is insufficient for paying the obligation in full, the cooperative may request the withdrawn member to pay the amount of loss that he/she is liable to bear, pursuant to the provisions of the articles of association.

#### Article 21 (Prescription)

The request under the provisions of paragraph (1) or paragraph (3) of the preceding Article shall lapse by prescription if it is not exercised for two years from the time of withdrawal.

#### Article 22 (Suspension of Refund)

A cooperative may suspend a refund of equity interest until the withdrawn member has completed the payment of his/her obligation to the cooperative.

#### Article 23 (Reduction of the Number of Units of Contribution)

(1) When a member has suspended his/her business or discontinued a part of his/her business, or when unavoidable circumstances are found to exist, the member may reduce the number of units of contribution at the end of the business year, pursuant to the provisions of the articles of association.

(2) With regard to the case set forth in the preceding paragraph, the provisions of Article 20 and Article 21 shall apply mutatis mutandis.

#### Article 23-2 (Imposition of Tax on the Income of Partner of a Joint Enterprise Cooperative)

Out of the income received by a member (excluding a specified member) of a joint enterprise cooperative through engaging in the business conducted by the joint enterprise cooperative, the income received based on the same standards as those for the salaries, wages, reimbursement of expenses, bonuses, and retirement payments and remunerations having the same character thereto paid by the joint enterprise

cooperative to non-partner who engage in the business conducted by the joint enterprise cooperative shall be deemed to be employment income or retirement income with regard to the application of the Income Tax Act (Act No. 33 of 1965).

Article 23-3 (Aid to Partner of a Minor Business Cooperative)

The government shall put in place special taxation and financial measures for partner of a minor business cooperative.

**Section 4 Formation**

Article 24 (Founder)

- (1) In order to form a business cooperative, a minor business cooperative, a fire mutual aid cooperative, a credit cooperative or a joint enterprise cooperative, four or more persons who intend to become its partner (partner other than specified partner in the case of a joint enterprise cooperative) need to become founders, and in order to form a federation of cooperatives, two or more cooperatives that intend to become its partner need to become founders.
- (2) A credit cooperative may only be formed with or more three hundred partner.
- (3) A fire mutual aid cooperative may only be formed with or more one thousand partner.

Article 25 (Total Amount of Contribution in a Cooperative Engaged in Mutual Aid Activities)

- (1) The total amount of contribution in a specified mutual aid association (excluding one engaged in the activities of reinsurance or retrocession), a fire mutual aid cooperative, or a specified federation of mutual aid associations (excluding one engaged in the activities of reinsurance or retrocession) shall not be less than ten million yen.
- (2) The total amount of contribution in a specified mutual aid association or a specified federation of mutual aid associations engaged in the activities of reinsurance or retrocession shall not be less than thirty million yen.
- (3) The total amount of contribution in a federation of cooperatives engaged in the activities set forth in Article 9-9, paragraph (1), item (iii) shall not be less than fifty million yen.

Article 26 (District of a Fire Mutual Aid Cooperative)

The district of a fire mutual aid cooperative shall be the entire area of a single or two or more prefectures for one that qualifies membership for small-scale entrepreneurs set forth in Article 8, paragraph (3), and shall be nationwide for one that qualifies membership for small-scale entrepreneurs who are engaged in a



business that belongs to one of the business types specified by the articles of association.

#### Article 26-2

- (1) The district of a fire mutual aid cooperative covering the area of a prefecture(s) shall not overlap with the district of a fire mutual aid cooperative covering the area of another prefecture(s).
- (2) A federation of cooperatives engaged in the activities set forth in Article 9-9, paragraph (1), item (iii) shall consist of fire mutual aid cooperatives and there shall be only one such federation throughout the country.

#### Article 27 (Organizational Meeting)

- (1) Founder shall hold an organizational meeting after preparing the articles of association, and publicly notifying them together with the date and place of the meeting.
- (2) The public notice set forth in the preceding paragraph shall be given by at least two weeks prior to the date of the meeting.
- (3) The approval of the articles of association prepared by the founder, establishment of an activity plan and decisions on any other matters necessary for formation shall be based on decisions taken at the organizational meeting.
- (4) The articles of association set forth in the preceding paragraph may be amended at the organizational meeting; provided, however, that this shall not apply to provisions concerning the district and the membership qualifications.
- (5) A decision at the organizational meeting shall be taken by or more two-thirds of the voting rights, with or more half of those who are qualified to be partner and who have given consent to the formation to the founders present, by the date of the meeting.
- (6) When there has been a resolution for the postponement or adjournment of the organizational meeting, the public notice under the provisions of paragraph (1) shall not be required.
- (7) Minutes shall be taken with regard to the proceedings of the organizational meeting, pursuant to the provisions of an ordinance of the competent ministry.
- (8) With regard to the organizational meeting, the provisions of Article 11 shall apply mutatis mutandis; and with regard to an action for declaratory judgment on the nonexistence or invalidity of or an action for rescission of a resolution of the organizational meeting, Article 830, Article 831, Article 834 (limited to the portions pertaining to item (xvi) and item (xvii)), Article 835, paragraph (1), Article 836, paragraph (1) and paragraph (3), Article 837, Article 838, and Article 846 (Action for Declaratory Judgment on Nonexistence or Invalidity of or Action for Rescission of a Resolution of a Shareholders Meeting) (excluding the portions pertaining to

company auditors in the case of a cooperative prescribed in Article 36-3, paragraph (4) of this Act whose articles of association provide that the scope of audits conducted by auditors shall be limited to those concerning accounting [hereinafter referred to as "cooperative limiting the audit authority" ]) of the Companies Act shall apply mutatis mutandis.

#### Article 27-2 (Approval for Formation)

- (1) The founders shall, without delay after the conclusion of the organizational meeting, submit the articles of association, activity plan, and documents stating the names and domiciles of the officers and other necessary matters to an administrative agency, pursuant to the provisions of an ordinance of the competent ministry, and obtain approval for the formation.
- (2) With regard to the formation of a credit cooperative or a federation of cooperatives engaged in the activities set forth in Article 9-9, paragraph (1), item (i), the founders shall submit, in addition to the documents set forth in the preceding paragraph, a document stating the type and method of the operations and the names of the managing officers and any other documents specified by an ordinance of the competent ministry.
- (3) With regard to the formation of a fire mutual aid cooperative or a federation of cooperatives engaged in the activities set forth in Article 9-9, paragraph (1), item (iii), the founders shall submit, in addition to the documents set forth in paragraph (1), a document stating the matters specified by an ordinance of the competent ministry concerning the implementation method of the fire mutual aid activities, mutual aid contracts, mutual aid premiums, and the calculation method of the amount of liability reserve (hereinafter referred to as "fire mutual aid rules"), a document stating the names of the managing officers, and any other documents specified by an ordinance of the competent ministry.
- (4) With regard to the formation of a cooperative other than the cooperatives prescribed in the preceding two paragraphs, an administrative agency shall grant the approval under paragraph (1), except in either of the following cases:
  - (i) When the formation procedures or the contents of the articles of association or activity plan are in violation of laws or regulations
  - (ii) When it is found to be very difficult for the cooperative to achieve its purpose, such as lacking the managerial basis necessary for conducting the activities
- (5) With regard to the formation of a cooperative prescribed in paragraph (2), an administrative agency shall grant the approval under paragraph (1), except in any of the following cases:
  - (i) When the formation procedures, the contents of the articles of association or activity plan, or the type or method of the operations are in violation of laws or regulations

- (ii) When the financial or other economic circumstances in the district are found to be inappropriate for conducting the activities
  - (iii) When any of the managing officers are found to lack sufficient experience and knowledge concerning the financial operations
  - (iv) When the type or method of the operations or the activity plan is found to be inappropriate for securing sound management or for protecting the interest of depositors and other obligees
- (6) With regard to the formation of a cooperative prescribed in paragraph (3), an administrative agency shall grant the approval under paragraph (1), except in any of the following cases:
- (i) When the formation procedures or the contents of the articles of association, fire mutual aid rules, or activity plans are in violation of laws or regulations
  - (ii) When it is found that the distribution of risk concerning the interest insured is insufficient or when it is found that there is little prospect for the conclusion of mutual aid contracts
  - (iii) When any of the managing officers are found to lack sufficient experience and knowledge concerning mutual aid activities
  - (iv) When the contents of the fire mutual aid rules or activity plan are found to be inappropriate for securing sound management or for protecting the interest of partner and other mutual aid contractors

#### Article 28 (Handover of the Management of the Cooperative to Directors)

The founders shall, without delay after obtaining the approval under paragraph (1) of the preceding Article, hand over the management of the cooperative to the directors.

#### Article 29 (First Payment of Contribution)

- (1) The directors shall, without delay after taking over the management of the cooperative pursuant to the provisions of the preceding Article, have each member make the first payment of his/her contribution.
- (2) The amount of the first payment to be made set forth in the preceding paragraph shall not be less than one-fourth of the unit amount of contribution.
- (3) A person making a contribution in kind shall, on the date of the first payment, provide the whole of the property to be contributed; provided, however, that this shall not preclude such person from completing acts such as registration, establishment or transfer of relevant rights necessary for duly asserting the rights against a third party after the cooperative has been established.
- (4) Notwithstanding the provisions of paragraph (1) and paragraph (2), in the case of a credit cooperative or a federation of cooperatives engaged in the activities set forth in Article 9-9(1) (i), the directors shall, without delay after taking over the

management of the cooperative pursuant to the provisions of the preceding Article, have each member make a payment of the full amount of the contribution.

#### Article 30 (Time of Establishment)

A cooperative shall be established by completing the registration of formation at the location of its principal office.

#### Article 31 (Notification of Establishment)

A fire mutual aid cooperative, a credit cooperative or a federation of cooperatives engaged in the activities set forth in Article 9-9, paragraph (1), item (i) or item (iii) shall notify an administrative agency of its establishment within two weeks from the date of establishment.

#### Article 32 (Action for Invalidation of Formation)

With regard to an action for invalidation of the formation of a cooperative, the provisions of Article 828, paragraph (1) (limited to the portions pertaining to item (i)) and paragraph (2) (limited to the portions pertaining to item (i)), Article 834 (limited to the portions pertaining to item (i)), Article 835, paragraph (1), Article 836, paragraph (1) and paragraph (3), Articles 837 to 839, and Article 846 (Action for Invalidation of Formation) (excluding the portions pertaining to company auditors, in the case of a cooperative limiting the audit authority) of the Companies Act shall apply mutatis mutandis.

### **Section 5 Management**

#### Article 33 (Articles of Association)

(1) The articles of association of a cooperative shall state or record therein the following matters (excluding the matter set forth in item (viii) pertaining to mutual aid activities [including activities incidental thereto] in the case of a cooperative engaged in mutual aid activities, and excluding the matters set forth in item (iii) and item (viii) in the case of a joint enterprise cooperative):

- (i) Activities
- (ii) Name
- (iii) District
- (iv) Location of office
- (v) Provisions on membership qualifications
- (vi) Provisions on the joining and withdrawal of partner
- (vii) Unit amount of contribution and the method of its payment
- (viii) Provisions on the sharing of expenses
- (ix) Provisions on the appropriation of surplus and disposal of losses

- (x) Amount of the reserve fund and its funding method
  - (xi) Fixed number of officers and provisions on their election or appointment
  - (xii) Business year
  - (xiii) Method of public notice (which means the method by which the cooperative gives public notice [excluding the public notice that shall be given by way of publication in an official gazette pursuant to the provisions of this Act or any other Act]; the same shall apply hereinafter)
- (2) In addition to the matters listed in the preceding paragraph, the articles of association of a cooperative engaged in mutual aid activities shall state or record therein matters concerning a reduction of the amount of mutual aid money and the additional collection of mutual aid premiums.
- (3) In addition to the matters set forth in the preceding two paragraphs, the articles of association of a cooperative shall state or record therein the duration of the cooperative or the grounds for its dissolution if the cooperative has set such duration or grounds, the name of the person making a contribution in kind, the property to be contributed, the value thereof, and the number of units of contribution deemed to be offered by making the contribution in kind if any person is making a contribution in kind to the cooperative, and the property promised to be received by transfer after the establishment of the cooperative, the value thereof and the name of the transferrer if there is any such property.
- (4) As the method of public notice, a cooperative may, in addition to the method of posting the notice at the office of said cooperative, specify any one of the following methods in its articles of association:
- (i) Publication in an official gazette
  - (ii) Publication in a daily newspaper which publishes matters on current events
  - (iii) Electronic public notice (which means, among methods of public notice, the method of implementing a measure which makes the information that should be publicly notified available to many and unspecified persons by electromagnetic means [which means electromagnetic means as prescribed in Article 2, item (xxxiv) of the Companies Act] and which is prescribed in the same item; the same shall apply hereinafter)
- (5) When a cooperative specifies in its articles of association that it will make the method set forth in item (iii) of the preceding paragraph its method of public notice, it is sufficient to specify in the articles of formation that electronic public notice will be the method of public notice. In this case, either of the methods set forth in item (i) or item (ii) of the same paragraph may be specified as the method of public notice in the case where the public notice may not be given by way of electronic public notice due to an accident or any other unavoidable circumstances.
- (6) When a cooperative gives public notice by way of electronic public notice, it shall give the public notice by way of electronic public notice on a continuous basis until

the dates prescribed in the following items for the categories of public notice set forth respectively in those items:

- (i) A public notice against which objections may be stated within the period specified therein-The day on which said period expires
  - (ii) A public notice other than that set forth in the preceding item-The day on which one month has passed from the first publication of said public notice
- (7) With regard to the case where a cooperative gives public notice under the provisions of this Act or other Acts by way of electronic public notice, the provisions of Article 940, paragraph (3) (Interruption of Electronic Public Notice), Article 941, Article 946, Article 947, Article 951, paragraph (2), Article 953 and Article 955 (Investigation of Electronic Public Notice, etc.) of the Companies Act shall apply mutatis mutandis. In this case, the phrase "Notwithstanding the provisions of the preceding two paragraphs, during the period in which public notice must be given by way of electronic public notice pursuant to these provisions" in Article 940, paragraph (3) of said Act shall be deemed to be replaced with "Notwithstanding the provisions of Article 33, paragraph (6) of the Small and Medium-Sized Enterprise Cooperatives Act, during the period in which public notice must be given by way of electronic public notice pursuant to the same paragraph" and any other necessary technical replacement of terms shall be specified by a Cabinet Order.
- (8) In addition to the matters listed in paragraphs (1) to (3), the articles of association of a cooperative may state or record therein matters that only come into effect by being prescribed in its articles of formation pursuant to the provisions of this Act or any other matters that do not violate this Act.

#### Article 34 (Constitution)

The following matters, except for those that must be prescribed by the articles of association, may be prescribed by the constitution of the cooperative:

- (i) Provisions on the general meeting or the general meeting of representatives
- (ii) Provisions on the execution of operations and accounting
- (iii) Provisions on officers
- (iv) Provisions on partner
- (v) Any other necessary matters

#### Article 34-2 (Keeping and Inspection of the Articles of Association, etc.)

- (1) A cooperative shall keep the articles of formation and the constitution (the articles of formation, the constitution and the mutual aid rules or fire mutual aid rules, in the case of a cooperative engaged in mutual aid activities) (hereinafter referred to as "articles of formation, etc." in this Article) at each of its offices.
- (2) Partner and obligees of a cooperative may make the following requests to the

cooperative at any time during its business hours. In this case, the cooperative shall not refuse the request without justifiable grounds.

(i) If the articles of association, etc. have been prepared in the form of a paper document, a request for inspection or copying of said document

(ii) If the articles of formation, etc. have been prepared in the form of an electromagnetic record, a request for inspection or copying of matters recorded in said electromagnetic record that have been indicated by a method specified by an ordinance of the competent ministry

(3) With regard to the application of the provisions of paragraph (1) to a cooperative which has taken a measure specified by an ordinance of the competent ministry for enabling each office (excluding the principal office) to respond to the request set forth in item (ii) of the preceding paragraph, in the case where the articles of association, etc. have been prepared in the form of an electromagnetic record, the term "each office" in the same paragraph shall be deemed to be replaced with "the principal office."

#### Article 35 (Officers)

(1) A cooperative shall have directors and auditors as its officers.

(2) The fixed number of directors shall be three or more and the fixed number of auditors shall be one or more.

(3) Officers shall be elected at the general meeting, pursuant to the provisions of the associations of formation; provided, however, that the officers at the time of formation shall be elected at the organizational meeting.

(4) At least two-thirds of the fixed number of directors (excluding directors of a joint enterprise cooperative; hereinafter the same shall apply in this paragraph) shall be partner or officers of member juridical persons; provided, however, that at least two-thirds of the fixed number of directors at the time of formation shall be persons who intend to become partner or officers of juridical persons that intend to become partner.

(5) Directors of a joint enterprise cooperative shall be partner (excluding specified partner; hereinafter the same shall apply in this paragraph); provided, however, that the directors at the time of formation shall be persons who intend to become partner.

(6) A cooperative (excluding a credit cooperative and a federation of cooperatives engaged in the activities set forth in Article 9-9, paragraph (1)) whose total number of members (members of the member cooperatives in the case of a federation of cooperatives) exceeds the standard specified by a Cabinet Order shall have at least one auditor who is not a member of said cooperative nor an officer or employee of a member juridical person of said cooperative, and who has not served as a director or employee of said cooperative nor a director, accounting advisor (when the

accounting advisor is a juridical person, a member of the company who is in the position of performing such duties), executive officer or employee of a subsidiary company of the cooperative (which means a company for which the cooperative owns a majority of voting rights [excluding the voting rights pertaining to the shares whose voting rights may not be exercised for all the matters that are subject to resolution at the shareholders meeting, and including the voting rights pertaining to the shares which shall be deemed to have the voting rights pursuant to the provisions of Article 879, paragraph (3) of the Companies Act] of all shareholders [including all members of the company]; hereinafter the same shall apply) during the five years preceding the assumption of his/her office.

- (7) When the positions of more than one-third of the fixed number of directors or auditors have become vacant, they shall be supplemented within three months.
- (8) An officer shall be elected by way of secret voting.
- (9) Voting shall be carried out with one vote per person.
- (10) Notwithstanding the provisions of paragraph (8), the election of an officer may be carried out by through nomination if no attendant of the meeting objects to it.
- (11) In the case of using nomination, the general meeting (the organizational meeting in the case of electing officers at the time of formation) shall be consulted as to whether a nominee may be approved as the elected person, and the nominee shall be elected on gaining the consent of all attendants.
- (12) In the case of electing two or more directors or auditors in a single election, the provisions set forth in the preceding paragraph shall not be applied by way of dividing nominees.
- (13) Notwithstanding the provisions of paragraph (3), officers may be appointed at the general meeting (the organizational meeting in the case of the appointment of officers at the time of formation), pursuant to the provisions of the articles of association.

#### Article 35-2 (Notification of Changes Regarding Officers)

When there has been a change to the name or domicile of any of its officers, a cooperative shall notify an administrative agency to that effect within two weeks from the date of said change.

#### Article 35-3 (Relationship Between the Cooperative and Officers)

The relationship between a cooperative and its officers shall be governed by the provisions on the mandate.

#### Article 35-4 (Qualifications of Officers, etc.)

- (1) The following persons may not become officers:
  - (i) A juridical person



- (ii) An adult ward or a person under curatorship or any person who is treated similarly thereto under the laws and regulations of a foreign state
  - (iii) A person who has been sentenced to a punishment for violating the provisions of this Act or the Intermediate Juridical Person Act (Act No. 49 of 2001) or for committing a crime set forth in Article 255, Article 256, Articles 258 to 260, or Article 262 of the Civil Rehabilitation Act (Act No. 225 of 1999) or a crime set forth in Article 265, Article 266, Articles 268 to 272 or Article 274 of the Bankruptcy Act (Act No. 75 of 2004) where two years have yet to elapse since the day on which execution of the sentence has been completed or the sentence no longer applies
  - (iv) A person who has been sentenced to imprisonment without work or a severer punishment for violating the provisions of laws or regulations other than the provisions of the Acts prescribed in the preceding item where execution of the sentence has yet to be completed or the sentence has yet to become inapplicable (excluding a person for whom execution of the sentence is under suspension)
- (2) In addition to the persons listed in the items of the preceding paragraph, a person who has received a decision on the commencement of bankruptcy proceedings and has yet to have his/her rights restored may not become an officer of a cooperative engaged in mutual aid activities.

#### Article 36 (Term of Office of Officers)

- (1) The term of office of a director shall be a period specified by the articles of association not exceeding two years.
- (2) The term of office of an auditor shall be a period specified by the articles of formation not exceeding four years.
- (3) Notwithstanding the provisions of the preceding two paragraphs, the term of office of an officer at the time of formation shall be a period decided at the organizational meeting; provided, however, that said period shall not exceed one year.
- (4) The provisions of the preceding three paragraphs shall not preclude a cooperative from extending the term of office set forth in any of the preceding three paragraphs until the time of the conclusion of the ordinary general meeting relating to the final accounting period during said term of office, based on the articles of association.
- (5) Notwithstanding the provisions of the preceding three paragraphs, in the case where the articles of formation have been changed so as to abolish the provisions of the articles of association that had limited the scope of audits conducted by auditors to those concerning accounting, the term of office of auditors shall expire at the time when said change to the articles of formation has taken effect.

#### Article 36-2 (Measure when Vacancies Arise among Officers)

Where there are no officers in office, or where there is a vacancy which results in a shortfall in the number of officers prescribed in this Act or the association of formation, an officer who has retired from office due to the expiration of his/her term of office or resignation shall continue to have the rights and obligations of an officer until a newly elected officer assumes his/her office.

#### Article 36-3 (Duties and Authority of Officers, etc.)

- (1) A director shall loyally perform his/her duties for the cooperative, observing laws and regulations, the articles of association, the constitution and resolutions of the general meeting.
- (2) An auditor shall audit the execution of the duties of the directors. In this case, the auditor shall prepare an audit report, pursuant to the provisions of an ordinance of the competent ministry.
- (3) With regard to directors, the provisions of Article 357, paragraph (1) of the Companies, Act, Article 360, paragraph (1) of the same Act as applied by replacing the terms pursuant to the provisions of paragraph (3) of the same Article, and Article 361 of the same Act shall apply mutatis mutandis; and with regard to auditors, the provisions of Article 343, paragraph (1) and paragraph (2), Article 345, paragraphs (1) to (3), Article 381 (excluding paragraph (1)), Article 382, the main clause of Article 383, paragraph (1), Article 383, paragraph (2) and paragraph (3), and Articles 384 to 388 of the same Act shall apply mutatis mutandis. In this case, the term "accounting advisors" in Article 345, paragraph (1) and paragraph (2) of the same Act shall be deemed to be replaced with "auditors," the term "the directors (or, for a company with board of directors, to the board of directors)" in Article 382 of the same Act shall be deemed to be replaced with "the council," the term "Ordinance of the Ministry of Justice" in Article 384 of the same Act shall be deemed to be replaced with "ordinance of the competent ministry," the terms "company with auditors (including a stock company the articles of association of which provide that the scope of the audit by its company auditors shall be limited to an audit related to accounting)" and "company with auditors" in Article 388 of the same Article shall be deemed to be replaced with "cooperative," and any other necessary technical replacement of terms shall be specified by a Cabinet Order.
- (4) A cooperative (excluding a cooperative requiring an audit by an accounting auditor prescribed in Article 40-2) whose total number of partner (partner of the member cooperatives in the case of a federation of cooperatives) does not exceed the standard specified by a Cabinet Order under Article 35, paragraph (6) may provide in the articles of formation that the scope of audits conducted by its auditors shall be limited to those concerning accounting, notwithstanding the provisions of paragraph (2).

- (5) With regard to a cooperative whose articles of formation have the provisions as prescribed in the preceding paragraph, the provisions of Article 353, Article 360, paragraph (1) and Article 364 of the Companies Act shall apply mutatis mutandis to its directors, and the provisions of Article 389, paragraphs (2) to (7) of the same Act shall apply mutatis mutandis to its auditors. In this case, the term "Ordinance of the Ministry of Justice" in Article 389, paragraph (2), paragraph (3) and paragraph (4), item (ii) shall be deemed to be replaced with "ordinance of the competent ministry" and any other necessary technical replacement of terms shall be specified by a Cabinet Order.
- (6) The provisions of the preceding three paragraphs (excluding the portions pertaining to the provisions of Article 360, paragraph (1) of the Companies Act as applied by replacing terms pursuant to the provisions of paragraph (3) of the same Act as applied mutatis mutandis pursuant to paragraph (3) of this Article) shall not apply to a credit cooperative and a federation of cooperatives engaged in the activities set forth in Article 9-9, paragraph (1), item (i).

Article 36-4 Deleted.

Article 36-5 (Authority of the Council, etc.)

- (1) A cooperative shall set up a council.
- (2) A council shall be formed by all directors.
- (3) Execution of the operations of a cooperative shall be decided by its council.

Article 36-6 (Resolutions of the Council)

- (1) A resolution of the council shall be made by a majority (in the case where a higher proportion is prescribed by the articles of formation or the constitution, such proportion or more) of the directors present where the majority (in the case where a higher proportion is prescribed by the articles of formation or the constitution, such proportion or more) of the directors entitled to participate in the vote are present.
- (2) A director who has a special interest in the resolution set forth in the preceding paragraph may not participate in the vote.
- (3) A cooperative may allow directors to participate in votes of the council in writing or by electromagnetic means, pursuant to the provisions of the articles of formation.
- (4) A cooperative may prescribe in its articles of formation that, in the case where a director has made a proposal regarding a matter that is subject to a resolution of the council, if all directors (limited to those who are able to participate in the vote regarding said matter) have manifested their consent to said proposal in writing or by way of an electromagnetic record (except when an auditor has objected to said

proposal in the case of a cooperative other than a cooperative limiting the audit authority), the council shall be deemed to have adopted a resolution approving said proposal.

- (5) When a director has notified all directors of a matter to be reported to the council, said matter shall not be required to be reported to the council.
- (6) The provisions of Article 366 (Convenor), Article 367 (Demand for Calling of Meeting by Shareholders) and Article 368 (Calling Procedures) of the Companies Act shall apply mutatis mutandis to convocation of the council. In this case, any necessary technical replacement of terms shall be specified by a Cabinet Order.

#### Article 36-7 (Minutes of the Council Meeting)

- (1) Minutes shall be taken with regard to the proceedings of the council meeting, pursuant to the provisions of an ordinance of the competent ministry, and if the minutes are prepared in writing, the directors and auditors present at the meeting shall sign or affix their names and seals to it.
- (2) With regard to the matters recorded in an electromagnetic record in cases where the minutes under the preceding paragraph are prepared in the form of an electromagnetic record, a measure in lieu of the signing or affixing of names and seals that is specified by an ordinance of the competent ministry shall be taken.
- (3) A cooperative shall, for a period of ten years from the date of the council meeting (including the date on which the council shall be deemed to have adopted a resolution pursuant to the provisions of paragraph (4) of the preceding Article; the same shall apply in the following paragraph), keep the document or electromagnetic record stating or recording the minutes under paragraph (1) or the manifestation of intention under paragraph (4) of the same Article (hereinafter referred to as the "minutes, etc." in this Article) at its principal office.
- (4) A cooperative shall, for a period of five years from the date of the council meeting, keep a copy of the minutes, etc. at its secondary offices; provided, however, that this shall not apply when said minutes, etc. have been prepared in the form of an electromagnetic record and the cooperative has taken a measure specified by an ordinance of the competent ministry for enabling secondary offices to respond to the request set forth in item (ii) of the following paragraph.
- (5) Partner and obligees of a cooperative may make the following requests to the cooperative at any time during its business hours. In this case, the cooperative shall not refuse the request without justifiable grounds.
  - (i) If the minutes, etc. have been prepared in the form of a paper document, a request for inspection or copying of said document or a copy of said document
  - (ii) If the minutes, etc. have been prepared in the form of an electromagnetic record, a request for inspection or copying of matters recorded in said electromagnetic record that have been displayed by a method specified by an ordinance of the competent ministry

Article 36-8 (Representative Director)

- (1) The council shall select a director representing the cooperative (hereinafter referred to as "representative director") from among the directors.
- (2) The representative director shall have the authority to carry out acts in or out of court concerning the operations of the cooperative.
- (3) With regard to the representative director, the provisions of Article 36-2 of this Act, Article 44, paragraph (1), Article 54, and Article 55 of the Civil Code (Act No. 89 of 1896), and Article 354 of the Companies Act shall apply mutatis mutandis.

Article 37 (Prohibition of Concurrent Holding of Positions by Officers)

- (1) No auditor may hold concurrently the position of a director or an employee of the cooperative.
- (2) None of the following persons may become a director of the cooperative:
  - (i) A person (in the case of a juridical person, an officer thereof) who engages in business which is not required for partner as prescribed in the articles of formation and which competes substantially with the activities of the cooperative
  - (ii) A person (excluding a small-scale entrepreneur set forth in Article 7, paragraph (1) or paragraph (2)) who engages in business required for partner as prescribed in the articles of formation or business which competes substantially therewith and who is a non-member (in the case of a juridical person, an officer thereof)

Article 38 (Self-Contract by Directors, etc.)

- (1) In any of the following cases, a director shall disclose the important facts concerning the relevant transaction at the council and obtain its approval:
  - (i) When the director intends to carry out a transaction with the cooperative for himself/herself or for a third party
  - (ii) When the cooperative intends to guarantee the obligations of the director or carry out a transaction with a person other than the director and where there is a conflict of interest between the cooperative and the director
- (2) The provisions of Article 108 of the Civil Code shall not apply to a transaction under item (i) of the same paragraph that has been approved under the preceding paragraph.
- (3) A director who has carried out a transaction under either item of paragraph (1) shall report to the council the important facts concerning said transaction without delay after said transaction.

Article 38-2 (Officers' Liability for Damages Against the Cooperative)

- (1) When an officer has neglected his/her duties, he/she shall be liable to compensate the cooperative for any damages that have been caused.

- (2) When an act of neglecting one's duties set forth in the preceding paragraph has been committed based on a resolution of the council, the directors who have agreed to said resolution shall be deemed to have committed said act.
- (3) A director who has participated in the resolution set forth in the preceding paragraph and whose objection is not kept in the minutes shall be presumed to have agreed to said resolution.
- (4) An officer may not be exempted from the liability set forth in paragraph (1) without the consent of all partner.
- (5) Notwithstanding the provisions of the preceding paragraph, if an officer has knowledge of the neglect or has been grossly negligent in performing his/her duties, he/she may be exempted from the liability set forth in paragraph (1), based on a resolution of the general meeting, within a limit of the amount obtained by subtracting, from the amount of the liability for damages, an amount obtained by multiplying an amount equivalent to the annual amount of property benefit that the officer has received or should receive from the cooperative during his/her office as a consideration for execution of his/her duties, which has been calculated by the method specified by an ordinance of the competent ministry, by one of the numbers listed in the following items for the respective categories of officers prescribed therein:
  - (i) The representative director-Six
  - (ii) A director other than the representative director-Four
  - (iii) An auditor-Two
- (6) In the case set forth in the preceding paragraph, a director shall disclose the following matters at the general meeting set forth in the same paragraph:
  - (i) The facts that caused the liability and the amount of the liability for damages
  - (ii) The limit of exemption that can be allowed pursuant to the provisions of the preceding paragraph and the basis of its calculation
  - (iii) The reason that the officer should be exempted from liability and the amount to be exempted
- (7) In order for a director of a cooperative other than a cooperative limiting the audit authority to submit a proposal concerning immunity from liability (limited to immunity of a director from liability) under paragraph (1) to the general meeting, he/she shall gain the consent of each auditor.
- (8) In the case where a resolution under paragraph (5) has been adopted, the cooperative shall obtain the approval of the general meeting when it provides the officer under the same paragraph with a retirement bonus or any other property benefit specified by an ordinance of the competent ministry after said resolution.
- (9) Notwithstanding the provisions of paragraph (4), with regard to the liability under paragraph (1), the provisions of Article 426 (excluding paragraph (4)) and Article 427 of the Companies Act shall apply mutatis mutandis. In this case, the

phrase "the consent of a majority of the directors (excluding the directors subject to such liability) (or, for companies with board of directors, by resolution of the board of directors)" in Article 426, paragraph (1) of the same Act shall be deemed to be replaced with "a resolution of the council," the phrase "consent (or, for a company with a board of directors, a resolution of the board of directors) to the effect that" in paragraph (3) of the same Article shall be deemed to be replaced with "a resolution of the council to the effect that," and any other necessary technical replacement of terms shall be specified by a Cabinet Order.

#### Article 38-3 (Officers' Liability for Damages Against Third Parties)

- (1) When an officer has knowledge of the neglect or has been grossly negligent in performing his/her duties, said officer shall be liable to compensate a third party for any damages that have been caused.
- (2) The provisions of the preceding paragraph shall also apply when the persons listed in the following items have committed the acts prescribed respectively in those items; provided, however, that this shall not apply if such persons have proved that they did not fail to exercise due care with respect to the performance of their duties:
  - (i) A director- The following acts (excluding the act set forth in (a) in the case of a director of a credit cooperative or a federation of cooperatives engaged in the activities set forth in Article 9-9, paragraph (1), item (i)):
    - (a) Making a false statement or recording of any important matter to be stated or recorded in the documents to be prepared pursuant to the provisions of Article 40, paragraph (1) or paragraph (2)
    - (b) Making a false registration
    - (c) Giving a false public notice
  - (ii) An auditor- Making a false statement or recording of any important matter to be stated or recorded in an audit report

#### Article 38-4 (Joint and Several Liabilities of Officers)

In the case where an officer is liable to compensate the cooperative or a third party for any damages that have been caused, if any other officers are also liable to compensate for said damages, such persons shall be joint and several obligors.

#### Article 39 (Action to Pursue the Liability of an Officer)

With regard to an action to pursue the liability of an officer, the provisions of Part 7, Chapter II, Section 2 (excluding Article 867, paragraph (2), Article 849, paragraph (2), item (ii) and paragraph (5), and Article 851) (Action to Pursue the Liability, etc. of a Stock Company) of the Companies Act shall apply mutatis mutandis. In this case, the term "Ordinance of the Ministry of Justice" in Article 847, paragraph (1)

and paragraph (4) of the same Act shall be deemed to be replaced with "ordinance of the competent ministry," and any other necessary technical replacement of terms shall be specified by a Cabinet Order.

Article 40 (Submission, Keeping, and Inspection of Settlement-Related Documents, etc.)

- (1) A cooperative shall prepare a balance sheet as of the date of its formation, pursuant to the provisions of an ordinance of the competent ministry.
- (2) A cooperative shall prepare an inventory of property, a balance sheet, a profit and loss statement, and a plan for the appropriation of surplus or a plan for the disposal of losses (hereinafter referred to as "settlement-related documents") and a business report pertaining to each business year, pursuant to the provisions of an ordinance of the competent ministry.
- (3) Settlement-related documents and a business report may be prepared in the form of electromagnetic records.
- (4) A cooperative shall, for a period of ten years from the time of the preparation of settlement-related documents, preserve said settlement-related documents.
- (5) Settlement-related documents and a business report under paragraph (2) shall be audited by an auditor, pursuant to the provisions of an ordinance of the competent ministry.
- (6) Settlement-related documents and a business report that have been audited by an auditor pursuant to the provisions of the preceding paragraph shall obtain the approval of the council.
- (7) When giving notice of the ordinary general meeting, the directors shall provide partner with settlement-related documents and a business report approved under the preceding paragraph (including an audit report, or in the case of the application of paragraph (1) of the following Article, an accounting audit report), pursuant to the provisions of an ordinance of the competent ministry.
- (8) The directors shall submit or provide settlement-related documents and a business report to the ordinary general meeting by attaching a document stating the opinion of the auditor or an electromagnetic record recording the matters to be stated in such document, and request approval.
- (9) The directors shall report on the contents of the business report submitted or provided to the ordinary general meeting pursuant to the provisions of the preceding paragraph.
- (10) A cooperative shall keep the settlement-related documents and the business report pertaining to each business year at its principal office for a period of five years from the day two weeks prior to the date of the relevant ordinary general meeting.
- (11) A cooperative shall keep a set of copies of the settlement-related documents and



the business report at its principal office for a period of three years from the day two weeks prior to the date of the ordinary general meeting; provided, however, that this shall not apply when the settlement-related documents and the business report have been prepared in the form of electromagnetic records and the cooperative has taken a measure specified by an ordinance of the competent ministry for enabling secondary offices to respond to the requests set forth in item (iii) and item (iv) of the following paragraph:

- (12) Partner and obligees of a cooperative may make the following requests to the cooperative at any time during its business hours; provided, however, that they shall pay a fee specified by the cooperative when making a request set forth in item (ii) or item (iv):
- (i) If the settlement-related documents and the business report have been prepared in the form of paper documents, a request for inspection of said documents of copies of said documents
  - (ii) A request for delivery of a transcript or an extract of the documents set forth in the preceding item
  - (iii) If the settlement-related documents and the business report have been prepared in the form of electromagnetic records, a request for inspection of matters recorded in said electromagnetic records that have been displayed by a method specified by an ordinance of the competent ministry
  - (iv) A request for provision of the matters recorded in the electromagnetic records set forth in the preceding item by electromagnetic means that has been specified by the cooperative or a request for delivery of a document stating said matters
- (13) The provisions of the preceding paragraphs shall not apply to a credit cooperative or a federation of cooperatives engaged in the activities set forth in Article 9-9, paragraph (1), item (i).

#### Article 40-2

- (1) A cooperative engaged in mutual aid activities whose scale of activities exceeds the standards specified by a Cabinet Order shall be audited, not only by an auditor, but also by an accounting auditor with regard to settlement-related documents prepared pursuant to the provisions of paragraph (2) of the preceding Article, pursuant to the provisions of an ordinance of the competent ministry.
- (2) With regard to a cooperative for which an audit by an accounting auditor prescribed in the preceding paragraph is required, the provisions of Article 439 and Article 444 (excluding paragraph (3)) of the Companies Act shall apply mutatis mutandis. In this case, the term "Ordinance of the Ministry of Justice" in Article 439 and Article 444, paragraph (1), paragraph (4) and paragraph (6) of the same Act shall be deemed to be replaced with "ordinance of the competent ministry," the term "its subsidiaries" in paragraph (1) of the same Article shall be deemed to be

replaced with "its subsidiaries, etc. (which means subsidiaries, etc. prescribed in Article 61-2, paragraph (2) of the Small and Medium-Sized Enterprise Cooperatives Act)," and the phrase "may, pursuant to" in the same paragraph shall be deemed to be replaced with "shall, pursuant to," and any other necessary technical replacement of terms shall be specified by a Cabinet Order.

- (3) With regard to an accounting auditor, the provisions of Article 35-3 of this Act and Article 329, paragraph (1), Article 337, Article 338, paragraph (1) and paragraph (2), Article 339, Article 340, paragraphs (1) to (3), Article 344, paragraph (1) and paragraph (2), Article 345, paragraphs (1) to (3), Article 396, paragraphs (1) to (5), Article 397, paragraph (1) and paragraph (2), Article 398, paragraph (1) and paragraph (2), and Article 399, paragraph (1) of the Companies Act shall apply mutatis mutandis. In this case, the term "accounting advisor" in Article 345, paragraph (1) and paragraph (2) of the same Act shall be deemed to be replaced with "accounting auditor," the term "Ordinance of the Ministry of Justice" in Article 396, paragraph (1) and paragraph (2), item (ii) of the same Act shall be deemed to be replaced with "ordinance of the competent ministry, and any other necessary technical replacement of terms shall be specified by a Cabinet Order.
- (4) With regard to the liability of an accounting auditor, the provisions of Articles 38-2 to 38-4 shall apply mutatis mutandis. In this case, the term "auditor" in Article 38-2, paragraph (5), item (iii) shall be deemed to be replaced with "auditor or accounting auditor," the term "audit report" in Article 38-3, paragraph (2), item (ii) shall be deemed to be replaced with "audit report or accounting audit report," the term "an officer" in Article 38-4 shall be deemed to be replaced with "an accounting auditor," the term "any other officers" in the same Article shall be deemed to be replaced with "any officer or accounting auditor," and any other necessary technical replacement of terms shall be specified by a Cabinet Order.
- (5) With regard to an action to pursue the liability of an accounting auditor, the provisions of Article 39 shall apply mutatis mutandis. In this case, any necessary technical replacement of terms shall be specified by a Cabinet Order.

#### Article 40-3

- (1) Where there is no accounting auditors in office, or where there is a vacancy which results in a shortfall in the number of accounting auditors prescribed in the articles of formation, if an accounting auditor is not appointed without delay, an auditor shall appoint a person who is to perform the duties of an accounting auditor temporarily.
- (2) With regard to a person who is to perform the duties of an accounting auditor temporarily under the preceding paragraph, the provisions of Article 337 and Article 340, paragraphs (1) to (3) of the Companies Act shall apply mutatis mutandis.

Article 41 (Preparation of Accounting Books, etc.)

- (1) A cooperative shall prepare accurate accounting books in a timely manner, pursuant to the provisions of an ordinance of the competent ministry.
- (2) A cooperative shall preserve its accounting books and important materials regarding its activities for a period of ten years from the time of the closing of the account books.
- (3) Partner may, by gaining the consent of or more three-hundredths (in the case where a lesser proportion is prescribed in the articles of formation, such proportion) of all partner, make the following requests to the cooperative at any time during its business hours. In this case, the cooperative shall not refuse the request without justifiable grounds.
  - (i) If the accounting books or materials related thereto have been prepared in the form of paper documents, a request for inspection or copying of said documents
  - (ii) If the accounting books or materials related thereto have been prepared in the form of electromagnetic records, a request for inspection or copying of matters recorded in said electromagnetic records that have been displayed by a method specified by an ordinance of the competent ministry
- (4) The provisions of paragraph (1) shall not apply to a credit cooperative or a federation of cooperatives engaged in the activities set forth in Article 9-9, paragraph (1), item (i).
- (5) With regard to the application of the provisions of paragraph (3) to a cooperative engaged in mutual aid activities, a credit cooperative or a federation of cooperatives engaged in the activities set forth in Article 9-9, paragraph (1), item (i), the term "three-hundredths" in the paragraph (3) shall be deemed to be replaced with "one-hundredths."

Article 42 (Change of Officers)

- (1) A member may request a change of officers under the joint signature of or more one-fifth of all partner (in the case where a lesser proportion is prescribed in the articles of formation, such proportion), and when a majority of the attendants have consented to said request at the general meeting, the officers pertaining to said request shall lose their positions.
- (2) A request for a change of officers under the provisions set forth in the preceding paragraph shall be made concurrently for all directors or all auditors; provided, however, that this shall not apply when the reason for requesting the change of officers is a violation of a law or regulation, the articles of formation, the constitution, the mutual aid rules or the fire mutual aid rules.
- (3) A request for a change of officers under the provisions of paragraph (1) shall be made by submitting a document stating the reason for the change of officers to the

cooperative.

- (4) A person making a request for a change of officers under the provisions of paragraph (1) may, in lieu of submitting the document set forth in the preceding paragraph, provide the matters to be stated in the document set forth in the same paragraph by electromagnetic means, by gaining the consent of the cooperative, pursuant to the provisions of a Cabinet Order.
- (5) In the case where a request for a change of officers under the provisions of paragraph (1) has been made (limited to the case where there has been a submission in writing as set forth in paragraph (3)), the directors shall submit said request for discussion at the general meeting, and send the document under the provisions of paragraph (3) to the officers pertaining to said request by seven days prior to the date of the general meeting, and give said officers an opportunity to explain themselves at the general meeting.
- (6) In the case where a request for a change of officers under the provisions of paragraph (1) has been made (limited to the case where there has been a submission by electromagnetic means as set forth in paragraph (4)), the directors shall submit said request for discussion at the general meeting, and send a document stating the matters that have been provided pursuant to the provisions of paragraph (4) to the officers pertaining to said request by seven days prior to the date of the general meeting, and give said officers an opportunity to explain themselves at the general meeting.
- (7) In the case prescribed in the preceding paragraph, the cooperative may, in lieu of sending the document set forth in the same paragraph, provide the matters that have been provided pursuant to the provisions of paragraph (4) by electromagnetic means, by gaining the consent of the officers pertaining to the request, pursuant to the provisions of a Cabinet Order.
- (8) With regard to the case set forth in paragraph (5) or paragraph (6), the provisions of Article 74, paragraph (2) and Article 48 shall apply mutatis mutandis. In this case, the term "When a member has requested a convocation of the general meeting by submitting a document stating the matter to be discussed at the meeting and the reason for the convocation to the council, by gaining the consent of or more one-fifth of all partner (in the case where a lesser proportion is prescribed in the articles of association, such proportion)" in Article 47, paragraph (2) and the phrase "when the member has gained the consent of or more one-fifth of all partner (in the case where a lesser proportion is prescribed in the articles of formation, such proportion)" in the second sentence of Article 48 shall be deemed to be replaced with "when there has been a request for a change of officers pursuant to the provisions of Article 42, paragraph (1)."

Article 43 (Advisor)

A cooperative may designate a person with the relevant knowledge and experience as an advisor by a resolution of the council, and ask for his/her advice regarding important matters of the cooperative at any time; provided, however, that such advisor may not represent the cooperative.

#### Article 44 (Counselor and Chief Accountant)

- (1) A cooperative may appoint a counselor and a chief accountant by a resolution of the council, and have such persons perform their business at its principal office or any of its secondary offices.
- (2) With regard to a counselor the provisions of Article 11, paragraph (1) and paragraph (3) (Manager's Authority of Representation), Article 12 (Non-Competition by Manager), and Article 13 (Apparent Manager) of the Companies Act shall apply *mutatis mutandis*.

#### Article 45

- (1) A member may request the cooperative to dismiss a counselor or a chief accountant, by gaining the consent of or more one-tenth of all partner (in the case where a lesser proportion is prescribed in the articles of association, such proportion).
- (2) A request under the provisions set forth in the preceding paragraph shall be made by submitting a document stating the reason for dismissal to the cooperative.
- (3) A person making a request under the provisions of paragraph (1) may, in lieu of the submission of the document set forth in the preceding paragraph, provide the matters to be stated in the document set forth in the same paragraph by electromagnetic means, by gaining the consent of the cooperative, pursuant to the provisions of a Cabinet Order.
- (4) In the case where a request under the provisions of paragraph (1) has been made, the council shall decide whether or not to dismiss the counselor or the chief accountant.
- (5) In the case where there has been a submission in writing as set forth in paragraph (2), the directors shall send the document set forth in paragraph (2) to the counselor or the chief accountant by seven days prior to the date of the decision concerning dismissal under the preceding paragraph, and give the counselor or the chief accountant an opportunity to explain himself/herself.
- (6) In the case where there has been a submission by electromagnetic means as set forth in paragraph (3), the directors shall send a document stating the matters that have been provided pursuant to the provisions of paragraph (3) to the counselor or the chief accountant by seven days prior to the date of the decision concerning dismissal under paragraph (4), and give the counselor or the chief accountant an opportunity to explain himself/herself.

(7) In the case prescribed in the preceding paragraph, the cooperative may, in lieu of sending the document set forth in the same paragraph, provide the matters that have been provided pursuant to the provisions of paragraph (3) by electromagnetic means, by gaining the consent of the counselor or the chief accountant pertaining to the request, pursuant to the provisions of a Cabinet Order.

#### Article 46 (Convocation of the General Meeting)

(1) The ordinary general meeting shall be convened once every business year, pursuant to the provisions of the articles of association.

#### Article 47

(1) The extraordinary general meeting may be convened at any time as needed pursuant to the provisions of the articles of association.

(2) When a member has requested the convocation of the general meeting by submitting a document stating the matter to be discussed at the meeting and the reason for the convocation to the council, by gaining the consent of or more one-fifth of all partner (in the case where a lesser proportion is prescribed in the articles of association, such proportion), the council shall decide to convene the extraordinary general meeting within twenty days from the date of the request.

(3) In the case set forth in the preceding paragraph, if the exercise of a voting right by electromagnetic means is allowed pursuant to the provisions of the articles of association, the matters and the reason to be stated in the document may be submitted by electromagnetic means, in lieu of the submission of said document. In this case, said member shall be deemed to have submitted the document.

(4) The matters and the reason to be stated in the document provided by electromagnetic means (excluding a method specified by an ordinance of the competent ministry) as set forth in the first sentence of the preceding paragraph shall be deemed to have arrived at the council at the time when they have been recorded onto a file in a computer used by the council.

#### Article 48

A member who has made a request under the provisions of paragraph (2) of the preceding Article may convene the general meeting by obtaining the approval of an administrative organ, when no director has instigated the procedure for convening the general meeting within ten days from the day on which he/she has made the request under the same paragraph. The same shall apply when there is no person to perform the duties of a director and when the member has gained the consent of or more one-fifth of all partner (in the case where a lesser proportion is prescribed in the articles of association, such proportion).

#### Article 49 (Procedure for Convocation of the General Meeting)

- (1) The general meeting shall be convened in accordance with the method prescribed in the articles of association, by indicating the matters to be discussed at the meeting by ten days prior to the date of the meeting (in the case where a lesser period is prescribed in the articles of formation, such period).
- (2) The convocation of the general meeting shall be decided by the council, except as otherwise provided by this Act.
- (3) Notwithstanding the provisions of paragraph (1), the general meeting may be held without undergoing the procedure for convocation when there is consent from all the partner.

#### Article 50 (Notice or Demand)

- (1) It shall be sufficient for a notice or demand to be issued to a member by a cooperative to be sent to the domicile of said person stated or recorded in the member registry (in the case where said person has notified the cooperative of a different place or contact address for the receipt of a notice or demand, to such place or contact address).
- (2) The notice or demand set forth in the preceding paragraph shall be deemed to have arrived at the time when such notice or demand should normally have arrived.

#### Article 51 (Matters to be Decided at the General Meeting)

- (1) The following matters shall be decided at the general meeting:
  - (i) A change to the articles of association
  - (ii) Establishment of, a change to, or abolition of the constitution, mutual aid rules or fire mutual aid rules
  - (iii) Establishment of or a change to the income and expenditure budget and the business plan for each business year
  - (iv) Method of the imposition and collection of expenses
  - (v) Any other matters specified by the articles of association
- (2) A change to the articles of association (excluding a change to the matters specified by a Cabinet Officer Ordinance in the case of a change to the articles of formation of a credit cooperative or a federation of cooperatives engaged in the activities set forth in Article 9-9, paragraph (1), item (i)) shall not take effect without the approval of an administrative agency having been obtained.
- (3) With regard to the approval under the preceding paragraph, the provisions of Article 27-2, paragraphs (4) to (6) shall apply mutatis mutandis.
- (4) Notwithstanding the provisions of paragraph (1), it may be prescribed in the articles of association that it is not necessary for any change to a matter set forth in paragraph (1), item (ii) that relates to a minor matter or any other matter specified by an ordinance of the competent ministry to be decided at the general

meeting. In this case, the scope of the matters that do not necessarily have to be decided at the general meeting and the notice, public notice, and any other method for making the contents of such change known to the partner shall be prescribed in the articles of formation.

#### Article 52 (Decision at the General Meeting)

- (1) Except as otherwise provided by this Act or the articles of association or the constitution, a decision at the general meeting shall be made by a majority of the voting rights of those present, and in the case of a tied vote, the decision shall be made by the chairperson.
- (2) The chairperson shall be appointed at the general meeting.
- (3) The chairperson shall have no right to participate in the votes at the general meeting as a member.
- (4) The general meeting may only decide the matters notified in advance pursuant to the provisions of Article 49, paragraph (1); provided, however, that this shall not apply in the case where it is otherwise provided by the articles of association or in the case prescribed in paragraph (3) of the same Article.

#### Article 53 (Special Resolution)

The following matters require a majority vote of or more two-thirds of the voting rights of those present where or more a half of all partner are present:

- (i) A change to the articles of association
- (ii) Dissolution or merger of the cooperative
- (iii) Expulsion of a member
- (iv) Transfer of all activities of the cooperative
- (v) Exception to the limit of the number of units of contribution from a member
- (vi) Immunity of an officer from liability under the provisions of Article 38-2, paragraph (5)

#### Article 53-2 (Accountability of Directors and Auditors)

In the case where the directors or the auditor have been requested by partner to provide an explanation on a certain matter at the general meeting, they shall provide the necessary explanation with respect to such matter; provided, however, that this shall not apply in the case where such matter is not relevant to the matters that are the purpose of the general meeting, or in cases where such explanation is to the serious detriment of the common interest of the partner, or in any other case specified by an ordinance of the competent ministry as a case where there are justifiable grounds.

#### Article 53-3 (Resolution for Postponement or Adjournment)



In the case where there has been a resolution for the postponement or adjournment of the general meeting, the provisions of Article 49 shall not apply.

Article 53-4 (Minutes of the General Meeting)

- (1) Minutes shall be taken with regard to the proceedings of the general meeting, pursuant to the provisions of an ordinance of the competent ministry.
- (2) A cooperative shall, for a period of ten years from the date of the general meeting, keep the minutes set forth in the preceding paragraph at its principal office.
- (3) A cooperative shall, for a period of five years from the date of the general meeting, keep a copy of the minutes under paragraph (1) at its secondary offices; provided, however, that this shall not apply when said minutes have been prepared in the form of an electromagnetic record and the cooperative has taken a measure specified by an ordinance of the competent ministry for enabling secondary offices to respond to the request set forth in item (ii) of the following paragraph.
- (4) Partner and obligees of a cooperative may make the following requests to the cooperative at any time during its business hours. In this case, the cooperative shall not refuse the request without justifiable grounds.
  - (i) If the minutes under paragraph (1) have been prepared in the form of a paper document, a request for the inspection or copying of said document or a copy of said document
  - (ii) If the minutes under paragraph (1) have been prepared in the form of an electromagnetic record, a request for the inspection or copying of matters recorded in said electromagnetic record that have been displayed by a method specified by an ordinance of the competent ministry

Article 54 (Action for Declaratory Judgment on Nonexistence or Invalidity of or Action for Rescission of a Resolution of the General Meeting)

With regard to an action for a declaratory judgment on the nonexistence or invalidity of or an action for rescission of a resolution of the general meeting, Article 830, Article 831, Article 834 (limited to the portions pertaining to item (xvi) and item (xvii)), Article 835, paragraph (1), Article 836, paragraph (1) and paragraph (3), Article 837, Article 838, and Article 846 (Action for Declaratory Judgment on Nonexistence or Invalidity of or Action for Rescission of a Resolution of a Shareholders Meeting) (excluding the portions pertaining to company auditors in the case of a cooperative limiting the audit authority) of the Companies Act shall apply *mutatis mutandis*.

Article 55 (General Meeting of Representatives)

- (1) A cooperative (excluding a joint enterprise cooperative) whose total number of partner exceeds two hundred persons may establish the general meeting of

representatives in lieu of the general meeting, pursuant to the provisions of the articles of association.

- (2) The representatives shall be elected impartially from among partner according to their domiciles, types of businesses, etc. pursuant to the provisions of the articles of association.
- (3) The fixed number of representatives shall not be less than one-tenth of the total number of partner (one hundred persons in the case of a cooperative whose total number of partner exceeds one thousand persons) at the time of the election.
- (4) With regard to the election of representatives, the provisions of Article 35, paragraph (8) and paragraph (9) shall apply mutatis mutandis.
- (5) The term of office of a representative shall be a period specified by the articles of association not exceeding three years.
- (6) With regard to the general meeting of representatives, the provisions concerning the general meeting shall apply mutatis mutandis. In this case, the phrase "a relative or an employee of said member or another member" in Article 11, paragraph (2) shall be deemed to be replaced with "another member," and the term "five" in paragraph (5) of the same Article shall be deemed to be replaced with "two."
- (7) Notwithstanding the provisions of the preceding paragraph, the general meeting of representatives may not elect representatives (excluding the election of a representative for filling a vacancy) nor decide the matters set forth in Article 53, item (ii) or item (iv) (referred to as "a merger, etc." in the following Article).

#### Article 55-2 (Exceptions on the General Meeting of Representatives)

- (1) The general meeting of representatives of a cooperative engaged in mutual aid activities or a credit cooperative or a federation of cooperatives engaged in the activities set forth in Article 9-9, paragraph (1), item (i) may decide on a merger, etc., notwithstanding the provisions of paragraph (7) of the preceding Article, article 57-2-2, paragraph (1), Article 57-3, paragraph (1) and paragraph (2), Article 62, paragraph (1) and Article 63.
- (2) When a cooperative prescribed in the preceding paragraph has decided on a merger, etc. at the general meeting of representatives, it shall notify the partner of the contents of the resolution within ten days from the date of the resolution.
- (3) In the case where a cooperative has given notice under the preceding paragraph, the general meeting may be convened pursuant to the provisions of Article 47, paragraph (2) or Article 48 by making the matter pertaining to said notice subject to discussion at the meeting. In this case, the submission of a document under the provisions of Article 47, paragraph (2) or an application for approval in the case set forth in the second sentence of Article 48 shall be completed within thirty days from the date of a resolution on the matter pertaining to said notice at the general

meeting of representatives.

- (4) In the case where the matter pertaining to the notice was not approved at the general meeting under the preceding paragraph, the resolution concerning said matter at the general meeting of representatives shall cease to be effective.

#### Article 56 (Reduction of the Unit Amount of Contribution)

- (1) When the general meeting has decided on a reduction of the unit amount of the contribution, the cooperative shall, within two weeks from the date of the resolution, prepare an inventory of property and a balance sheet and keep them at its principal office.
- (2) Partner and obligees of a cooperative may make the following requests to the cooperative at any time during its business hours. In this case, the cooperative shall not refuse the request without justifiable grounds.
  - (i) If the inventory of property and the balance sheet under the preceding paragraph have been prepared in the form of paper documents, a request for the inspection or copying of said documents
  - (ii) If the inventory of property and the balance sheet under the preceding paragraph have been prepared in the form of electromagnetic records, a request for the inspection or copying of the matters recorded in said electromagnetic records that have been displayed by a method specified by an ordinance of the competent ministry

#### Article 56-2 (Objections by Obligees)

- (1) When a cooperative reduces the unit amount of contribution, an obligee of the cooperative may state an objection to the cooperative regarding the reduction of the unit amount of contribution.
- (2) In the case set forth in the preceding paragraph, the cooperative shall give public notice of the following matters in an official gazette, and shall notify those matters separately to each known creditor other than depositors, persons who make installment savings, or any other creditors specified by a Cabinet Order; provided, however, that the period set forth in item (ii) shall not be less than one month:
  - (i) The fact that the unit amount of contribution will be reduced
  - (ii) The fact that obligees may state objections within a certain period
- (3) Notwithstanding the provisions of the preceding paragraph, when a cooperative gives public notice under the provisions of the same paragraph not only in an official gazette, but also by the method of public notice set forth in item (ii) or item (iii) of Article 33, paragraph (4), in accordance with the provisions of the articles of association under the provisions of the same paragraph, the cooperative shall not be required to give the separate notices under the provisions of the preceding paragraph.

- (4) If an obligee has not stated an objection within the period set forth in paragraph (2), item (ii), said obligee shall be deemed to have approved the reduction of the unit amount of contribution.
- (5) If an obligee has stated an objection within the period set forth in paragraph (2), item (ii), the cooperative shall make a payment or provide equivalent security to the obligee, or entrust equivalent property to a trust company, etc. (which means a trust company or a financial institution that engages in trust business [which means a financial institution approved under Article 1, paragraph (1) of the Act on Provision, etc. of Trust Business by Financial Institutions (Act No. 43 of 1943)]) for the purpose of having such obligee receive the payment; provided, however, that this shall not apply if the reduction of the unit amount of contribution carries no risk of harming said obligee.

Article 57 (Action for Invalidation of Reduction of the Unit Amount of Contribution)

With regard to an action for the invalidation of a reduction of the unit amount of the contribution of a cooperative, the provisions of Article 828, paragraph (1) (limited to the portions pertaining to item (v)) and paragraph (2) (limited to the portions pertaining to item (v)), Article 834 (limited to the portions pertaining to item (v)), Article 835, paragraph (1), Articles 836 to 839, and Article 846 (excluding the portions pertaining to company auditors, in the case of a cooperative limiting the audit authority) of the Companies Act shall apply *mutatis mutandis*.

Article 57-2 (Change to Fire Mutual Aid Rules of a Fire Mutual Aid Cooperative, etc.)

In order for a fire mutual aid cooperative or a federation of cooperatives engaged in the activities set forth in Article 9-9, paragraph (1), item (iii) to make a change to any matters prescribed in the fire mutual aid rules, it shall obtain the approval of an administrative organ.

Article 57-2-2 (Transfer of Mutual Aid Activities, etc.)

- (1) In order for a business cooperative, minor business cooperative, or federation of cooperatives (excluding a federation of cooperatives engaged in the activities set forth in Article 9-9, paragraph (1), item (iii)) engaged in mutual aid activities to transfer all or part of its mutual aid activities (including activities incidental to such activities; hereinafter the same shall apply in this Article), it shall do so based on a resolution of the general meeting.
- (2) A cooperative prescribed in the preceding paragraph may, by way of a contract, carry out a portfolio transfer of all of its mutual contracts, which adopt the same basis for the calculation of the liability reserve, to another cooperative engaged in mutual aid activities, based on the resolution of the general meeting.
- (3) A cooperative prescribed in paragraph (1) may determine that property pertaining

to mutual aid activities shall be transferred based on a contract for transferring mutual aid contracts prescribed in the preceding paragraph.

- (4) Notwithstanding the provisions of the preceding two paragraphs, it is possible to transfer all or part of the activities concerning liability mutual aid, etc. and transfer property pertaining to said activities to another cooperative engaged in said activities.
- (5) With regard to the transfer of all or part of the mutual aid activities provided in paragraph (1) and the transfer of property pertaining to the mutual aid activities provided in paragraph (3), the provisions of Articles 56 to 57 shall apply mutatis mutandis.

Article 57-3 (Transfer or Receipt of Transfer of Activities, etc. of a Credit Cooperative, etc.)

- (1) A credit cooperative or a federation of cooperatives engaged in the activities set forth in Article 9-9, paragraph (1), item (i) (hereinafter referred to as a "credit cooperative, etc." in this Article) may, following a resolution of the general meeting, transfer all or part of its activities to a bank, another credit cooperative, etc., a Shinkin bank, or a labor bank (including a federation composed of Shinkin banks or labor banks; the same shall apply in the following paragraph).
- (2) A credit cooperative, etc. may, following a resolution of the general meeting, receive a transfer of a part of the activities of a bank or all or part of the activities of another credit cooperative, etc., a Shinkin bank, or a labor bank. In this case, a resolution of the general meeting is not required if the value received in exchange for the transfer does not exceed one-fifth of the amount of net assets existing in the credit cooperative, etc. based on the final balance sheet.
- (3) In the case where a credit cooperative, etc. receives a transfer of all or part of the activities without the resolution of the general meeting pursuant to the provisions of the second sentence of the preceding paragraph, if at least one-sixth of all partner of the credit cooperative, etc. have notified the credit cooperative, etc. of their opposition to receiving the transfer of all or part of such activities within two weeks from the date of public notice or notice under the provisions of the following paragraph, then a credit cooperative, etc. shall have the contract for the receipt of the transfer of all or part of the activities approved by a resolution of the general meeting by the day preceding the day on which it receives the transfer of all or part of the activities.
- (4) In the case where a credit cooperative, etc. receives a transfer of all or a part of the activities without the resolution of the general meeting pursuant to the provisions of the second sentence of the paragraph (2), the credit cooperative, etc. shall give public notice or give notice to its partner that it will receive the transfer of all or a part of the activities and the name or trade name and the

domicile of the other party to the contract, by twenty days prior to the day on which it receives the transfer of all or a part of the activities.

- (5) A transfer of the activities under paragraph (1) or the receipt of a transfer of the activities under paragraph (2) shall not take effect without the approval of an administrative agency having been obtained, except for those specified by a Cabinet Order.
- (6) With regard to a transfer or receipt of a transfer of all the activities under paragraph (1) and paragraph (2), the provisions of Article 57 shall apply *mutatis mutandis*.
- (7) In the case where a credit cooperative, etc. has succeeded to the rights and obligations based on a contract (limited to one where the operations related to said contract pertain to acts prescribed in Article 2, paragraph (2) [Definitions, etc.] of the Banking Act [Act No. 59 of 1981]; hereinafter the same shall apply in this paragraph) as a result of the receipt of a transfer of all or part of the activities under paragraph (2), if such contract falls under the category of operations that cannot be carried out by the credit cooperative, etc. or is restricted for the credit cooperative, etc. due to a law or regulation concerning the activities of the credit cooperative, etc., the credit cooperative, etc. may continue the operations related to said contract until the expiration of the specified period if a period has been specified by the contract, and for a period not exceeding one year from the date of succession if no such period has been specified by the contract.

#### Article 57-4 (Prohibition of Transfer of Activities of a Fire Mutual Aid Cooperative, etc.)

A fire mutual aid cooperative or a federation of cooperatives engaged in the activities set forth in Article 9-9, paragraph (1), item (iii) may not transfer its activities.

#### Article 57-5 (Restriction on Investment of Surplus Funds)

A cooperative engaged in mutual aid activities and a cooperative other than one engaged in mutual aid activities (excluding a credit cooperative and a federation of cooperatives engaged in the activities set forth in Article 9-9, paragraph (1), item (i)) whose total number of partner (partner of the member cooperatives in the case of a federation of cooperatives) exceeds the standards specified by a Cabinet Order set forth in Article 35, paragraph (6) shall not invest the surplus funds that were accrued in the course of its activities except in the case of using any of the following methods; provided, however, that this shall not apply when it has obtained the approval of an administrative agency:

- (i) Deposits, savings or monetary trusts in a bank, the Norinchukin Bank, the Shoko Chukin Bank, a Shinkin bank, a federation of Shinkin banks, a credit

cooperative, a federation of agricultural cooperatives, a federation of fisheries cooperatives, a federation of fishery processing cooperatives, or a federation of cooperatives that is able to accept deposits or savings on a regular basis

- (ii) Acquisition of national government bonds, local government bonds, or securities specified by an ordinance of the competent ministry

#### Article 57-6 (Accounting Principles)

The accounting of a cooperative shall be in accordance with accounting practices that are generally accepted as fair and appropriate.

#### Article 58 (Reserve Fund and Surplus Carried Forward)

- (1) A cooperative shall set aside or more one-tenth (one-fifth in the case of a cooperative engaged in mutual aid activities) of its surplus in each business year as a reserve fund until the sum reaches the amount specified by the articles of association.
- (2) The amount of the reserve fund specified by the articles of formation under the preceding article shall be not less than half of the total amount of contribution (not less than the total amount of contribution in the case of a cooperative engaged in mutual aid activities).
- (3) The reserve fund under paragraph (1) shall not be broken down except in the case of compensating losses.
- (4) A cooperative engaged in the activities set forth in Article 9-2, paragraph (1), item (iv) or Article 9-9, paragraph (1), item (vi) shall carry forward or more one-twentieth of its surplus in each business year to the following business year as funds to be allocated for covering the expenses of its activities.
- (5) A cooperative engaged in mutual aid activities shall calculate the liability reserve and the payment reserve and set these funds aside at the end of each business year.
- (6) When a cooperative engaged in mutual aid activities provides returns to contractors (which means the distribution of all or part of the mutual aid premiums and profits gained by managing the money collected as mutual aid premiums that are not allocated to the payment of mutual aid money, refunds, or any other benefits [hereinafter referred to as "mutual aid money, etc."], the expenditure of activity costs, or any other expenses to mutual aid contractors, in the case where such distribution is prescribed by mutual aid rules or fire mutual aid rules; the same shall apply hereinafter), it shall do so in accordance with the standards specified by an ordinance of the competent ministry as those for ensuring fair and equitable distribution.
- (7) Matters concerning the setting aside of the liability reserve and the payment reserve set forth in paragraph (5) and the reserve funds to be allocated for returns

to contractors set forth in the preceding paragraph, and other necessary matters concerning returns to contractors shall be specified by an ordinance of the competent ministry.

Article 58-2 (Separate Accounting for Mutual Aid Activities)

- (1) A cooperative engaged in mutual aid activities shall carry out the accounting for its mutual aid activities separately from the accounting for its other activities.
- (2) A cooperative engaged in activities concerning liability mutual aid, etc. shall carry out the accounting for its activities concerning liability mutual aid, etc. separately from the accounting for its other activities.

Article 58-3 (Prohibition of Investment of Funds, etc. from the Accounting for Mutual Aid Activities to the Accounting for Other Activities)

A cooperative engaged in mutual aid activities shall not invest funds from the accounting for its mutual aid activities to the accounting for any of its other activities nor pledge assets under the accounting for its mutual aid activities as collateral to procure funds for the accounting for any of its other activities.

Article 58-4 (Standards for Soundness)

In order to contribute to the sound administration of mutual aid activities by specified mutual aid associations, fire mutual aid cooperatives, federations of cooperatives engaged in the activities set forth in Article 9-9, paragraph (1), item (iii), and specified federations of mutual aid associations, an administrative agency may, by using the following amounts, establish standards as to whether or not the status of the capacity to pay mutual aid money, etc. is appropriate as the standards for determining the soundness of the management of said cooperatives:

- (i) The total sum of the total amount of contribution, the amount of the retained earnings reserve, and any other amounts specified by an ordinance of the competent ministry
- (ii) The amount calculated pursuant to the provisions of an ordinance of the competent ministry as the amount corresponding to the risk that may occur as a result of the occurrence of a mutual aid incident covered by a mutual aid contract or for any other reason, which is exceeding ordinary expectations

Article 58-5 (Explanation of Important Matters, etc.)

A cooperative engaged in mutual aid activities shall, in addition to what is provided for in this Act and other Acts, explain important matters pertaining to said mutual aid activities to users and take any other measures for securing the sound and appropriate administration of said mutual aid activities, pursuant to the provisions of an ordinance of the competent ministry.



Article 58-6 (Appointment of a Mutual Aid Actuary, etc.)

- (1) A cooperative engaged in mutual aid activities (excluding a cooperative that satisfies the requirements specified by an ordinance of the competent ministry) shall appoint a mutual aid actuary at the council meeting, and have him/her engage in matters specified by an ordinance of the competent ministry as mutual aid actuarial matters concerning the calculation method of mutual aid premiums and any other matters.
- (2) A mutual aid actuary shall be a person who satisfies the requirements specified by an ordinance of the competent ministry for a person who has the necessary knowledge and experience of mutual aid actuarial calculation.

Article 58-7

- (1) At the end of each business year, a mutual aid actuary shall confirm the following matters pursuant to the provisions of an ordinance of the competent ministry, and submit a written opinion stating the results thereof to the council:
  - (i) Whether or not the liability reserve pertaining to mutual aid contracts as specified by an ordinance of the competent ministry has been set aside based on a sound mutual aid actuarial calculation
  - (ii) Whether or not returns to contractors have been provided in a fair and equitable manner
  - (iii) Any other matters specified by an ordinance of the competent ministry
- (2) When a mutual aid actuary has submitted a written opinion set forth in the preceding paragraph to the council, he/she shall submit a copy thereof to an administrative agency without delay.
- (3) An administrative agency may ask a mutual aid actuary to provide an explanation about the copy of the written opinion under the preceding paragraph or to provide an opinion on any other matters that fall under his/her duties.
- (4) In addition to what is provided for in the preceding three paragraphs, necessary matters concerning a written opinion under paragraph (1) shall be specified by an ordinance of the competent ministry.

Article 58-8

An administrative agency may, when a mutual aid actuary has violated this Act or a disposition given by the administrative agency based on this Act, order the relevant cooperative to dismiss said mutual aid actuary.

Article 59 (Dividend of Surplus)

- (1) A cooperative shall not distribute its surplus until after it has compensated losses and deducted the reserve fund under Article 58, paragraph (1) and the surplus carried forward under paragraph (4) of the same Article.

- (2) Any surplus shall be distributed according to the amount of utilize of the cooperative's services by the partner (users of fire mutual aid business in the case of a fire mutual aid cooperative) or according to the amount of contribution already paid by the partner within a limit not exceeding ten percent per year, pursuant to the provisions of the articles of association.
- (3) Notwithstanding the provisions set forth in the preceding paragraph, in the case of a joint enterprise cooperative, any surplus shall be distributed according to the amount of contribution already paid by the partner within a limit not exceeding twenty percent per year, and if there is any remainder, distribute the remainder according to the degree to which the partner (excluding specified partner) engaged in the business of the joint enterprise cooperative, pursuant to the provisions of the articles of association.

#### Article 60

Until partner complete the payment of their contributions, a cooperative may allocate the surplus to be distributed to its partner to such payment, pursuant to the provisions of the articles of association.

#### Article 61 (Prohibition of Acquisition of Equity Interest by the Cooperative)

A cooperative may not acquire the equity interest held by a member nor receive such equity interest as a pledge.

#### Article 61-2 (Public Inspection of Explanatory Documents on the Status of Operations and Property, etc.)

- (1) Each business year, a cooperative engaged in mutual aid activities shall prepare explanatory documents stating the matters specified by an ordinance of the competent ministry as those concerning the status of the operations and property, keep them at the offices of said cooperative (excluding offices that are mainly used for activities other than mutual aid activities and any other offices specified by an ordinance of the competent ministry; hereinafter the same shall apply in this Article) and provide them for public inspection.
- (2) In the case where a cooperative set forth in the preceding paragraph that requires an audit by an accounting auditor pursuant to the provisions of Article 40-2, paragraph (1) is a subsidiary or one having a special relationship as specified by an ordinance of the competent ministry with said cooperative (hereinafter referred to as "subsidiary company, etc."), said cooperative shall, each business year, prepare, in addition to the explanatory documents set forth in the preceding paragraph, explanatory documents stating the matters specified by an ordinance of the competent ministry as those concerning the status of the operations and property of said cooperative and said subsidiary company, etc. in a consolidated manner for

said cooperative and said subsidiary company, etc., keep them at the offices of said cooperative, and provide them for public inspection.

- (3) The explanatory documents prescribed in the preceding two paragraphs may be prepared in the form of electromagnetic records.
- (4) When the explanatory documents prescribed in paragraph (1) or paragraph (2) have been prepared in the form of electromagnetic records, a cooperative may take a measure specified by an ordinance of the competent ministry as one for making the information contained in said electromagnetic records available to many and unspecified persons by electromagnetic means, at the offices of the cooperative. In this case, the cooperative shall be deemed to be keeping the explanatory documents prescribed in these provisions and have provided them for public inspection pursuant to these provisions.
- (5) In addition to what is provided for in the preceding paragraphs, the period during which the explanatory documents under paragraph (1) or paragraph (2) shall be provided for public inspection and any other necessary matters concerning the application of these provisions shall be specified by an ordinance of the competent ministry.
- (6) A cooperative set forth in paragraph (1) shall endeavor to disclose matters that would be useful for users of mutual aid activities to learn about the status of the operations and property of said cooperative and its subsidiary company, etc., in addition to the matters prescribed in paragraph (1) and paragraph (2).

## **Section 6 Dissolution, Liquidation, and Merger**

### Article 62 (Grounds for Dissolution)

- (1) A cooperative shall be dissolved based on any of the following grounds:
  - (i) A resolution of the general meeting
  - (ii) A merger of the cooperative
  - (iii) A decision on the commencement of bankruptcy proceedings with regard to the cooperative
  - (iv) Expiration of the duration or occurrence of a ground for dissolution prescribed by the articles of association
  - (v) An order of dissolution under the provisions of Article 106, paragraph (2)
- (2) When a cooperative has been dissolved pursuant to the provisions of item (i) or item (iv) of the preceding paragraph, it shall notify an administrative agency to that effect within two weeks from the date of dissolution.
- (3) A fire mutual aid cooperative or a federation of cooperatives engaged in the activities set forth in Article 9-9, paragraph (1), item (iii) shall be dissolved when the approval set forth in Article 27-2, paragraph (1) has been rescinded pursuant to the provisions of Article 106-2, paragraph (4) or paragraph (5), in addition to

when any of the grounds listed in the items of paragraph (1) has occurred.

- (4) A resolution of the dissolution of a cooperative engaged in activities concerning liability mutual aid, etc., a fire mutual aid cooperative, or a federation of cooperatives engaged in the activities set forth in Article 9-9, paragraph (1), item (iii) shall not take effect without the approval of an administrative agency having been obtained.

#### Article 63 (Merger Agreement)

A cooperative may carry out a merger with another cooperative, following a resolution of the general meeting. In this case, the cooperatives carrying out a merger shall conclude a merger agreement.

#### Article 63-2 (Absorption-Type Merger)

In the case where a cooperative carries out an absorption-type merger (which means a merger carried out by a cooperative with another cooperative where the cooperative surviving the merger succeeds to all the rights and obligations of the cooperative dissolved as a result of the merger; hereinafter the same shall apply in this Chapter), the following matters shall be prescribed in the absorption-type merger agreement:

- (i) The names and domiciles of the cooperative surviving the absorption-type merger (hereinafter referred to as the "surviving cooperative" in this Chapter) and the cooperative dissolved as a result of the absorption-type merger (hereinafter referred to as the "absorbed cooperative" in this Chapter)
- (ii) The district and the unit amount of contribution of the surviving cooperative (the unit amount of contribution only, in the case where the surviving cooperative is a joint enterprise cooperative)
- (iii) Matters concerning the allocation of contribution to partner of the absorbed cooperative
- (iv) When the amount of money to be paid to partner of the absorbed cooperative has been decided, such decision
- (v) The day on which the absorption-type merger is to take effect (hereinafter referred to as the "effective date" in this Chapter)
- (vi) Any other matters specified by an ordinance of the competent ministry

#### Article 63-3 (Consolidation-Type Merger)

In the case where two or more cooperatives carry out a consolidation-type merger (which means a merger carried out by two or more cooperatives where the cooperative formed by the merger succeeds to all the rights and obligations of the cooperatives dissolved as a result of the merger; hereinafter the same shall apply in this Chapter), the following matters shall be prescribed in the consolidation-type

merger agreement:

- (i) The names and domiciles of the cooperatives dissolved as a result of the consolidation-type merger (hereinafter referred to as the "consolidated cooperatives" in this Chapter)
- (ii) The activities, name, district, location of the principal office, and unit amount of contribution of the cooperative formed by the consolidation-type merger (hereinafter referred to as the "formed cooperative" in this Chapter) (the activities, name, location of the principal office, and unit amount of contribution only, in the case where the formed cooperative is a joint enterprise cooperative)
- (iii) Matters concerning the allocation of contribution to partner of the consolidated cooperatives
- (iv) When the amount of money to be paid to partner of the consolidated cooperatives has been decided, such decision
- (v) Any other matters specified by an ordinance of the competent ministry

Article 63-4 (Procedure for an Absorbed Cooperative)

- (1) An absorbed cooperative shall, during the period from whichever of the following dates that comes earlier until the date on which the absorption-type merger takes effect, keep a document or electromagnetic record stating or recording the contents of the absorption-type merger agreement and other matters specified by an ordinance of the competent ministry at its principal office:
  - (i) The day two weeks prior to the date of the general meeting set forth in paragraph (3)
  - (ii) The date of the public notice prescribed in Article 54-2, paragraph (2) as applied mutatis mutandis pursuant to paragraph (4) or the date of the demand prescribed in paragraph (2) of the same Article as applied mutatis mutandis to paragraph (4), whichever comes earlier
- (2) Partner and obligees of an absorbed cooperative may make the following requests to the absorbed cooperative at any time during its business hours; provided, however, that they shall pay a fee specified by the absorbed cooperative when making a request set forth in item (ii) or item (iv):
  - (i) A request for inspection of the document set forth in the preceding paragraph
  - (ii) A request for delivery of a transcript or an extract of the document set forth in the preceding paragraph
  - (iii) A request for inspection of the matters recorded in the electromagnetic record set forth in the preceding paragraph that have been displayed by a method specified by an ordinance of the competent ministry
  - (iv) A request for provision of the matters recorded in the electromagnetic record set forth in the preceding paragraph by electromagnetic means that has been specified by an ordinance of the competent ministry or a request for delivery of a

document stating said matters

- (3) An absorbed cooperative shall have the merger agreement approved by a resolution of the general meeting by the day preceding the effective date.
- (4) With regard to an absorbed cooperative, the provisions of Article 56-2 shall apply mutatis mutandis.
- (5) An absorbed cooperative may change the effective date by an agreement with the surviving cooperative.
- (6) In the case set forth in the preceding paragraph, the absorbed cooperative shall give public notice of the changed effective date by the day prior to the original effective date (to the changed effective date in the case where the changed effective date comes before the original effective date).
- (7) When the effective date has been changed pursuant to the provisions of paragraph (5), the provisions of this Article, the following Article, and Article 65 shall apply mutatis mutandis by deeming the changed effective date to be the effective date.

#### Article 63-5 (Procedure for a Surviving Cooperative)

- (1) A surviving cooperative shall, during the period from any of the following dates that is the earliest until six months have elapsed from the date on which the absorption-type merger takes effect, keep a document or electromagnetic record stating or recording the contents of the absorption-type merger agreement and other matters specified by an ordinance of the competent ministry at its principal office:
  - (i) When it is necessary to have the absorption-type merger agreement approved by a resolution of the general meeting, the day two weeks prior to the date of the general meeting
  - (ii) The date of public notice or notice under the provisions of paragraph (5), whichever comes earlier
  - (iii) The date of the public notice prescribed in Article 56-2, paragraph (2) as applied mutatis mutandis pursuant to paragraph (6) or the date of the demand prescribed in paragraph (2) of the same Article as applied mutatis mutandis to paragraph (6), whichever comes earlier
- (2) Partner and obligees of a surviving cooperative may make the following requests to the surviving cooperative at any time during its business hours; provided, however, that they shall pay a fee specified by the surviving cooperative when making a request set forth in item (ii) or item (iv):
  - (i) A request for inspection of the document set forth in the preceding paragraph
  - (ii) A request for delivery of a transcript or an extract of the document set forth in the preceding paragraph
  - (iii) A request for inspection of the matters recorded in the electromagnetic record

set forth in the preceding paragraph that have been displayed by a method specified by an ordinance of the competent ministry

- (iv) A request for provision of the matters recorded in the electromagnetic record set forth in the preceding paragraph by electromagnetic means that has been specified by the surviving cooperative or a request for delivery of a document stating said matters
- (3) A surviving cooperative shall have the absorption-type merger agreement approved by a resolution of the general meeting by the day preceding the effective date; provided, however, that this shall not apply to a merger where the total number of partner of the absorbed cooperative does not exceed one-fifth of the total number of the surviving cooperative, and the total amount of assets existing in the absorbed cooperative based on the final balance sheet does not exceed one-fifth of the total amount of assets existing in the surviving cooperative based on the final balance sheet.
- (4) In the case where a surviving cooperative carries out a merger without a resolution of the general meeting pursuant to the provisions of the proviso to the preceding paragraph, if at least one-sixth of all the partner of the surviving cooperative have notified the surviving cooperative of their opposition to the merger within two weeks from the date of public notice or notice under the provisions of the following paragraph, then the surviving cooperative shall have the absorption-type merger agreement approved by a resolution of the general meeting by the day preceding the effective date.
- (5) In the case where a surviving cooperative carries out a merger without a resolution of the general meeting pursuant to the provisions of the proviso to paragraph (3), the surviving cooperative shall give public notice or give notice to its partner that it will carry out a merger and the name and the domicile of the absorbed cooperative, by twenty days prior to the effective date.
- (6) With regard to a surviving cooperative, the provisions of article 56-2 shall apply mutatis mutandis.
- (7) A surviving cooperative shall, without delay after the date on which the absorption-type merger takes effect, prepare a document or an electromagnetic record stating or recording the rights and obligations of the absorbed cooperative to which the surviving cooperative has succeeded by the absorption-type merger and any other matters specified by an ordinance of the competent ministry as those concerning an absorption-type merger.
- (8) A surviving cooperative shall keep the document or electromagnetic record set forth in the preceding paragraph at its principal office for a period of six months from the date on which the absorption-type merger takes effect.
- (9) Partner and obligees of a surviving cooperative may make the following requests to the surviving cooperative at any time during its business hours; provided,

however, that they shall pay a fee specified by the surviving cooperative when making a request set forth in item (ii) or item (iv):

- (i) A request for inspection of the document set forth in the preceding paragraph
- (ii) A request for delivery of a transcript or an extract of the document set forth in the preceding paragraph
- (iii) A request for inspection of the matters recorded in the electromagnetic record set forth in the preceding paragraph that have been displayed by a method specified by an ordinance of the competent ministry
- (iv) A request for provision of the matters recorded in the electromagnetic record set forth in the preceding paragraph by electromagnetic means that has been specified by the surviving cooperative or a request for delivery of a document stating said matters

#### Article 63-6 (Procedure for Consolidated Cooperatives)

- (1) A consolidated cooperative shall, during the period from whichever of the following dates that comes earlier until the date of the establishment of the formed cooperative, keep a document or electromagnetic record stating or recording the contents of the consolidation-type merger agreement and other matters specified by an ordinance of the competent ministry at its principal office:
  - (i) The day two weeks prior to the date of the general meeting set forth in paragraph (3)
  - (ii) The date of the public notice prescribed in Article 56-2, paragraph (2) as applied mutatis mutandis pursuant to paragraph (4) or the date of the demand prescribed in paragraph (2) of the same Article as applied mutatis mutandis to paragraph (4), whichever comes earlier
- (2) Partner and obligees of a consolidated cooperative may make the following requests to the consolidated cooperative at any time during its business hours; provided, however, that they shall pay a fee specified by the consolidated cooperative when making a request set forth in item (ii) or item (iv):
  - (i) A request for inspection of the document set forth in the preceding paragraph
  - (ii) A request for delivery of a transcript or an extract of the document set forth in the preceding paragraph
  - (iii) A request for inspection of the matters recorded in the electromagnetic record set forth in the preceding paragraph that have been displayed by a method specified by an ordinance of the competent ministry
  - (iv) A request for provision of the matters recorded in the electromagnetic record set forth in the preceding paragraph by electromagnetic means that has been specified by the consolidated cooperative or a request for delivery of a document stating said matters
- (3) A consolidated cooperative shall have the consolidation-type merger agreement



approved by a resolution of the general meeting.

- (4) With regard to a consolidated cooperative, the provisions of Article 56-2 shall apply mutatis mutandis.

Article 64 (Procedure for a Formed Cooperative, etc.)

- (1) The provisions of Section 4 (excluding Article 30) shall not apply to the formation of a formed cooperative.
- (2) In order to form a cooperative by a merger, organizing committee members whom the respective cooperatives have appointed from among their partner at their general meetings shall jointly prepared the articles of association, appoint officers and carry out any other necessary acts for the formation.
- (3) The term of office of an officer under the provisions set forth in the preceding paragraph shall be until the date of the first ordinary general meeting.
- (4) With regard to the appointment of organizing committee members under the provisions of paragraph (2), the provisions of Article 53 shall apply mutatis mutandis.
- (5) With regard to the appointment of officers under the provisions of paragraph (2), the provisions of the main clause of Article 35, paragraph (4), the main clause of Article 35, paragraph (5), and Article 35, paragraph (6) shall apply mutatis mutandis.
- (6) A formed cooperative shall, without delay after the date of establishment, prepare a document or an electromagnetic record stating or recording the rights and obligations of the consolidated cooperatives to which the formed cooperative has succeeded by the consolidation-type merger and any other matters specified by an ordinance of the competent ministry as those concerning a consolidation-type merger.
- (7) A formed cooperative shall keep the document or electromagnetic record set forth in the preceding paragraph at its principal office for a period of six months from the date of establishment.
- (8) Partner and obligees of a formed cooperative may make the following requests to the formed cooperative at any time during its business hours; provided, however, that they shall pay a fee specified by the formed cooperative when making a request set forth in item (ii) or item (iv):
- (i) A request for inspection of the document set forth in the preceding paragraph
  - (ii) A request for delivery of a transcript or an extract of the document set forth in the preceding paragraph
  - (iii) A request for inspection of the matters recorded in the electromagnetic record set forth in the preceding paragraph that have been displayed by a method specified by an ordinance of the competent ministry
  - (iv) A request for provision of the matters recorded in the electromagnetic record

set forth in the preceding paragraph by electromagnetic means that has been specified by the formed cooperative or a request for delivery of a document stating said matters

#### Article 65 (Effect of a Merger)

- (1) A surviving cooperative shall succeed to the rights and obligations of the absorbed cooperative (including the rights and obligations that the cooperative holds with regard to its activities based on a permission, an approval or any other disposition of an administrative agency; the same shall apply in the following paragraph) on the effective date or the date on which it has obtained the approval of an administrative agency set forth in paragraph (1) of the following Article, whichever comes later.
- (2) A formed cooperative shall succeed to the rights and obligations of the consolidated cooperatives on the date of its establishment.

#### Article 66 (Approval for a Merger)

- (1) A merger of cooperatives shall not take effect without the approval of an administrative agency having been obtained.
- (2) With regard to the approval set forth in the preceding paragraph, the provisions of Article 27, paragraphs (4) to (6) shall apply *mutatis mutandis*.

#### Article 67 (Action for Invalidation of a Merger)

With regard to an action for the invalidation of a merger, the provisions of Article 828, paragraph (1) (limited to the portions pertaining to item (vii) and item (viii)) and paragraph (2) (limited to the portions pertaining to item (vii) and item (viii)), Article 834 (limited to the portions pertaining to item (vii) and item (viii)), Article 835, paragraph (1), Articles 836 to 839, Article 843 (excluding paragraph (1), item (iii) and item (iv) and the proviso to paragraph (2)), and Article 846 (Action for Invalidation of a Merger) (excluding the portions pertaining to company auditors, in the case of a cooperative limiting the audit authority) of the Companies Act shall apply *mutatis mutandis*; and with regard to a motion set forth in Article 843, paragraph (4) of the same Act as applied *mutatis mutandis* pursuant to this Article, the provisions of Article 868, paragraph (5), Article 870 (limited to the portions pertaining to item (xv)), the main clause of Article 871, Article 872 (limited to the portions pertaining to item (iv)), the main clause of Article 873, Article 875, and Article 876 (Non-Contentious Cases) of the Companies Act.

#### Article 68 (Liquidator)

- (1) When a cooperative has been dissolved, the directors of the cooperative shall become the liquidators, except in the case of a dissolution resulting from a merger

or a decision on the commencement of bankruptcy proceedings; provided, however, that this shall not apply when another person has been appointed as a liquidator at the general meeting.

- (2) When a fire mutual aid cooperative or a federation of cooperatives engaged in the activities set forth in Article 9-9, paragraph (1), item (iii) has been dissolved based on rescission of the approval set forth in Article 27-2, paragraph (1) under the provisions of Article 106-2, paragraph (4) or paragraph (5), an administrative agency shall appoint the liquidator, notwithstanding the provisions of the preceding paragraph and the provisions of Article 478, paragraph (2) of the Companies Act as applied mutatis mutandis pursuant to Article 69, paragraph (1).

#### Article 68-2 (Payment of Mutual Aid Money After Dissolution)

- (1) When a cooperative engaged in mutual aid activities has been dissolved based on a resolution of the general meeting, rescission of the approval set forth in Article 27-2, paragraph (1) under the provisions of Article 106-2, paragraph (4) or paragraph (5), or a dissolution order under the provisions of Article 106, paragraph (2), it shall pay mutual aid money with regard to a mutual aid contract for which a ground for the payment of mutual aid money has occurred within ninety days from the date of dissolution.
- (2) When a cooperative under the preceding paragraph has been dissolved based on a ground set forth in Article 62, paragraph (1), item (iv), it shall refund the mutual aid premium for the period from the date of dissolution to the final day of the period of the mutual aid contract.
- (3) When a cooperative under paragraph (1) has been dissolved based on a ground set forth in the same paragraph, it shall refund the mutual aid premium for the period from the day on which the period set forth in the same paragraph has elapsed to the final day of the period of the mutual aid contract.

#### Article 68-3 (Order in which Property shall be Disposed)

The liquidator of a fire mutual aid cooperative or a federation of cooperatives engaged in the activities set forth in Article 9-9, paragraph (1), item (iii) shall dispose of the property of the cooperative or the federation according to the following order:

- (i) Payment of general obligations
- (ii) Payment of mutual aid money and the mutual aid premiums prescribed in paragraph (2) and paragraph (3) of the preceding Article
- (iii) Distribution of residual assets

#### Article 69 (Application Mutatis Mutandis of the Companies Act, etc.)

- (1) With regard to the dissolution and liquidation of a cooperative, the provisions of Article 475 (excluding item (i) and item (iii)), Article 476, Article 478, paragraph (2)

and paragraph (4), Article 479, paragraph (1) and paragraph (2) (limited to the portions other than those listed in the respective items), Article 481, Article 483, paragraph (4) and paragraph (5), Article 484, Article 485, Article 489, paragraph (4) and paragraph (5), Article 492, paragraphs (1) to (3), Articles 499 to 503, Article 507 (Liquidation of a Stock Company), Article 868, paragraph (1), Article 869, Article 870 (limited to the portions pertaining to item (ii) and item (iii)), Article 871, Article 872 (limited to the portions pertaining to item (iv)), Article 874 (limited to the portions pertaining to item (i) and item (iv)), Article 875, and Article 876 (Non-Contentious Cases) of the Companies Act and Article 40 (Judicial Decision for Appointment of a Person to Conduct Inspections) of the Non-Contentious Cases Procedure Act (Act No. 14 of 1898) shall apply mutatis mutandis; with regard to a liquidator of a cooperative, the provisions of Article 35-3, Article 35-4, Article 36-2, Article 36-3, paragraph (1) and paragraph (2), Articles 36-5 to 38-4 (excluding Article 36-7, paragraph (4)), Article 40 (excluding paragraph (1), paragraph (11), and paragraph (13)), Article 47, paragraphs (2) to (4), Article 48, and Article 53-2 of this Act, the provisions of Article 357, paragraph (1) of the Companies Act, paragraph (1) of the same Article as applied mutatis mutandis by replacing the terms pursuant to the provisions of Article 360, paragraph (3) of the same Act, and the provisions of Article 361, Article 381, paragraph (2), Article 382, the main clause of Article 383, paragraph (1), Article 383, paragraph (2) and paragraph (3), Articles 384 to 386, and Article 508 of the Companies Act shall apply mutatis mutandis; with regard to an action to pursue the liability of a liquidator of a cooperative, the provisions of Part 7, Chapter II, Section 2 (excluding Article 847, paragraph (2), Article 849, paragraph (2), item (ii) and paragraph (5), and Article 851, and excluding the portions pertaining to the company auditors in the case of a cooperative limiting the audit authority)(Action to Pursue the Liability, etc. of a Stock Company) of the same Act shall apply mutatis mutandis; and with regard to a liquidator of a cooperative limiting the audit authority, the provisions of Article 353, Article 360, paragraph (1) and Article 364 of the same Act shall apply mutatis mutandis. In this case, the phrase "an inventory of property, a balance sheet, a profit and loss statement, and a plan for the appropriation of surplus or a plan for the disposal of losses" in Article 40, paragraph (2) shall be deemed to be replaced with "an inventory of property and a balance sheet," the term "a business report" in the same paragraph shall be deemed to be replaced with "an affairs written report," the term "business report" in paragraph (3), paragraphs (5) to (10), and paragraph (12), item (i) and item (iii) of the same Article shall be deemed to be replaced with "affairs written report," the term "the directors (or, for a Company with Board of Directors, to the board of directors)" in Article 382 of the Companies Act shall be deemed to be replaced with "the board of liquidators," the term "the following shareholders" in the portions of Article 479, paragraph (2) of the

Companies Act other than those listed in the respective items shall be deemed to be "a member who has obtained the consent of or more one-fifth of all partner," the term "Ordinance of the Ministry of Justice" in Article 384, Article 492, paragraph (1), Article 507, paragraph (1), and Article 847, paragraph (1) and paragraph (4) of the same Act shall be deemed to be "ordinance of the competent ministry," the phrase "give public notice in the official gazette" in Article 499, paragraph (1) of the same Act shall be deemed to be replaced with "give public notice," and any other necessary technical replacement of terms shall be specified by a Cabinet Order.

- (2) A court supervising the dissolution and liquidation of a cooperative may seek the opinion of or commission an investigation by an administrative agency supervising the operations of the cooperative.
- (3) An administrative agency prescribed in the preceding paragraph may state its opinion to the court prescribed in the same paragraph.

### **Chapter III Federations of Small Business Associations**

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

##### Article 70 (Types)

Federations of small business associations (hereinafter referred to as "FSBAs") shall consist of prefectural federations of small business associations (hereinafter referred to as "prefectural FSBAs") and the national federation of small business associations (hereinafter referred to as "national FSBA").

##### Article 71 (Personality and Domicile)

- (1) An FSBA shall be a juridical person.
- (2) The domicile of an FSBA shall be at the location of its principal office.

##### Article 72 (Name)

- (1) An FSBA shall use the following words in its name:
  - (i) In the case of a prefectural FSBA, "federation of small business associations" in combination with the name of the prefecture of its district
  - (ii) In the case of the national FSBA, "national federation of small business associations"
- (2) No person other than an FSBA shall use in its name a word indicating that he/she/it is a prefectural FSBA or the national FSBA.

##### Article 73 (Number)

- (1) There shall be only one prefectural FSBA in each prefecture, and its district shall

be the district of the prefecture.

(2) There shall be only one national FSBA throughout the country.

## **Section 2 Activities**

### Article 74 (Prefectural FSBA)

(1) A prefectural FSBA shall engage in the following activities:

(i) Provision of instructions regarding organization, activities, and management to cooperatives, joint cooperatives, commercial and industrial cooperatives, federations of commercial and industrial cooperatives, shopping district promotion cooperatives, and federations of shopping district promotion cooperatives (hereinafter referred to as "cooperatives, etc."), and liaison between them

(ii) Audit of cooperatives, etc.

(iii) Education on and provision of information about cooperatives, etc.

(iv) Investigation and research on cooperatives, etc.

(v) Holding of exhibitions, fairs, etc. concerning the activities of cooperatives, etc. and conducting of mediation thereof

(vi) In addition to the activities set forth in the preceding items, activities necessary for achieving the sound development of cooperatives, etc. and small and medium-sized enterprises

(2) A prefectural FSBA may propose matters concerning cooperatives, etc., FSBA, and small and medium-sized enterprises to the Diet, a council of a local public entity, or an administrative agency.

### Article 75 (National FSBA)

(1) The national FSBA shall engage in the following activities:

(i) Provision of instructions regarding organization and activities to prefectural FSBA and liaison between them

(i-ii) Liaison between cooperatives, etc.

(ii) Education on and provision of information about cooperatives, etc.

(iii) Investigation and research on cooperatives, etc.

(iv) Provision of examinations on knowledge concerning the organization, activities and management of cooperatives, etc.

(v) Holding of exhibitions, fairs, etc. concerning the activities of cooperatives, etc. and mediation thereof

(vi) In addition to the activities set forth in the preceding items, activities necessary for achieving the sound development of cooperatives, etc., prefectural FSBA, and small and medium-sized enterprises

(2) The national FSBA may, when it is necessary in order to carry out its activities,

request a prefectural FSBA to report on the operations or accounting thereof, or provide instructions to a prefectural FSBA regarding the establishment of or a change to the activity plan or any other important matters concerning operations or accounting, pursuant to the provisions of the articles of association.

- (3) With regard to the national FSBA, the provisions of paragraph (2) of the preceding Article shall apply mutatis mutandis.

#### Article 75-2 (Exclusion from Application of the Antimonopoly Act)

The provisions of Article 8, paragraph (1), item (i) and item (iv) of the Antimonopoly Act shall not apply to the activities set forth in the items of Article 47, paragraph (1) and the items of paragraph (1) of the preceding Article carried out by an FSBA; provided, however, that this shall not apply to the case where unfair trade practices are employed or where competition in any particular field of trade is substantially restrained, resulting in unjust increases of prices.

### **Section 3 Members**

#### Article 76 (Qualification of Members)

- (1) A person who is qualified to be a member of a prefectural FSBA shall be the following:

(i) A cooperative, etc. having an office within the district of the prefectural FSBA

(ii) A person other than one set forth in the preceding item, who is specified by the articles of association

- (2) A person who is qualified to be a member of the national FSBA shall be the following:

(i) A prefectural FSBA

(ii) A cooperative, etc. whose district covers the districts of all prefectures

(iii) A person other than those set forth in the preceding two items, who is specified by the articles of association

#### Article 77 (Voting Right and Right to Elect)

- (1) Each member of a prefectural FSBA shall have a single voting right and the right to elect officers or representatives.

- (2) Each member of the national FSBA shall have a single voting right and the right to elect officers; provided, however, that two or more voting rights or rights to elect may be granted to a person set forth in paragraph (2), item (i) of the preceding Article, within a limit not exceeding one-fiftieth of the total number of voting rights or rights to elect, pursuant to the provisions of the articles of association.

- (3) A member may, pursuant to the provisions of the articles of association, exercise his/her voting right or right to elect in writing or by proxy with regard to matters

that have been notified in advance pursuant to the provisions of Article 49, paragraph (1) as applied mutatis mutandis pursuant to Article 82-10, paragraph (4).

- (4) A member may, pursuant to the provisions of the articles of association, exercise his/her voting right by electromagnetic means, in lieu of the exercise of the voting right in writing under the provisions set forth in the preceding paragraph.
- (5) A person exercising a voting right or right to elect pursuant to the provisions of the preceding two paragraphs shall be deemed to be an attendant.
- (6) In the case of a prefectural FSBA, a proxy may not serve as a proxy for five or more members.
- (7) In the case of the national FSBA, a proxy may not exercise voting rights or rights to elect exceeding one-fiftieth of the total number of voting rights or rights to elect on behalf of members.
- (8) A proxy shall submit a document proving the power of proxy to the FSBA. In this case, if the exercise of a voting right by electromagnetic means is allowed pursuant to the provisions of the articles of association, the proxy may prove the power of proxy by electromagnetic means, in lieu of the submission of said document.

#### Article 78 (Imposition of Expenses)

- (1) An FSBA may impose expenses on its members, pursuant to the provisions of the articles of association.
- (2) A member may not duly assert a set-off against the FSBA for the payment of expenses set forth in the preceding paragraph.

#### Article 79 (Membership)

- (1) When a person qualified to be a member of a prefectural FSBA intends to join a prefectural FSBA, the prefectural FSBA shall not, without justifiable grounds, refuse said person membership nor impose more difficult conditions on said person on becoming a member than those imposed when present members joined the prefectural FSBA.
- (2) When the national FSBA has been established, all prefectural FSBA's become members thereof. The same shall apply to a prefectural FSBA that has been established after the establishment of the national FSBA.
- (3) With regard to the case where a person set forth in Article 76, paragraph (2), item (ii) or item (iii) intends to join the national FSBA, the provisions of paragraph (1) shall apply mutatis mutandis.

#### Article 80 (Withdrawal)

- (1) A member of a prefectural FSBA or a member of the national FSBA other than a prefectural FSBA may withdraw by giving at least thirty days' advance notice.



- (2) A prefectural FSBA which is a member of the national FSBA withdraws when it has been dissolved.
- (3) With regard to a member of a prefectural FSBA and a member of the national FSBA other than a prefectural FSBA, the provisions of Article 19 shall apply *mutatis mutandis*.

#### **Section 4 Formation**

##### Article 81 (Founders)

- (1) In order to form an FSBA, eight or more persons who intend to become its members shall be required to become founders. In this case, the founders shall include five or more persons set forth in Article 76, paragraph (1), item (i) in the case of a prefectural FSBA, and shall include five or more prefectural FSBA's in the case of the national FSBA.
- (2) A prefectural FSBA may only be formed if or more one-fifth of the cooperatives, etc. having their principal offices within its district are to become its members.
- (3) The national FSBA may only be formed if or more twenty-five prefectural FSBA's are to become its members.

##### Article 82 (Organizational Meeting)

- (1) Founders shall hold an organizational meeting after preparing the articles of association, and publicly notifying them together with the date and place of the meeting.
- (2) When there has been a resolution for the postponement or adjournment of the organizational meeting, the provisions set forth in the preceding paragraph shall not apply.
- (3) Minutes shall be taken with regard to the proceedings of the organizational meeting, pursuant to the provisions of an ordinance of the competent ministry.
- (4) With regard to a resolution of the organizational meeting, the provisions of Article 27, paragraphs (2) to (5) and Article 77 shall apply *mutatis mutandis*; and with regard to an action for declaratory judgment on the nonexistence or invalidity of or an action for rescission of a resolution of the organizational meeting, Article 830, Article 831, Article 834 (limited to the portions pertaining to item (xvi) and item (xvii)), Article 835, paragraph (1), Article 836, paragraph (1) and paragraph (3), Article 837, Article 838, and Article 846 (Action for Declaratory Judgment on Nonexistence or Invalidity of or Action for Rescission of a Resolution of a Shareholders Meeting) (excluding the portions pertaining to company auditors in these provisions) of the Companies Act shall apply *mutatis mutandis*.

##### Article 82-2 (Approval for Formation)

The founders shall, without delay after the organizational meeting, submit the articles of association, activity plan, and documents stating the names and domiciles of the officers and other necessary matters to an administrative agency, and obtain approval for the formation.

#### Article 82-3 (Application Mutatis Mutandis)

With regard to the formation, the provisions of Article 28 and Article 30 shall apply mutatis mutandis.

### **Section 5 Management**

#### Article 82-4 (Articles of Association)

The articles of association of an FSBA shall state or record therein the following matters:

- (i) Activities
- (ii) Name
- (iii) Location of office
- (v) Provisions on membership qualification
- (v) Provisions on the joining and withdrawal of members
- (vi) Provisions on the sharing of expenses
- (vii) Fixed number of officers and provisions on their election or appointment
- (viii) Business year
- (ix) Method of public notice

#### Article 82-5 (Constitution)

The following matters, except for those that are required to be prescribed by the articles of association, may be prescribed by the constitution of the FSBA:

- (i) Provisions on the general meeting or the general meeting of representatives
- (ii) Provisions on the execution of operations and accounting
- (iii) Provisions on officers
- (iv) Provisions on members
- (v) Any other necessary matters

#### Article 82-6 (Officers)

An FSBA shall have one president, five or more directors, and two or more auditors as its officers.

#### Article 82-7 (Duties of Officers)

- (1) The president shall represent the FSBA and preside over its operations.
- (2) The directors shall, pursuant to the provisions of the articles of association, assist

the president in administering the operations of the FSBA, perform the duties of the president in his/her place when the president is unable to attend to his/her duties, and perform the duties of the president when the post is vacant.

(3) The auditors shall audit the status of the operations and accounting of the FSBA.

#### Article 82-8 (Provisions Applied Mutatis Mutandis)

With regard to an FSBA, the provisions of Article 10-2, Article 34-2, and Article 40 (excluding paragraph (1), paragraphs (6) to (9), and paragraph (13)) shall apply mutatis mutandis; with regard to the president, directors, and auditors, the provisions of Article 35, paragraph (3) and paragraphs (7) to (13), Article 35-2, Article 35-3, Article 36 (excluding paragraph (5)), and Article 36-3, paragraph (1) shall apply mutatis mutandis; with regard to the president, the provisions of Article 38 of this Act and Article 44, paragraph (1) (Capacity of Juridical Person to Commit Tortious Acts) and Article 55 (Delegation of Director's Authority) of the Civil Code shall apply mutatis mutandis; with regard to directors, the provisions of Article 40, paragraphs (7) to (9) shall apply mutatis mutandis; and with regard to auditors, the provisions of Article 37, paragraph (1) shall apply mutatis mutandis. In this case, the term "per person" in Article 35, paragraph (9) shall be deemed to be replaced with "per person (per right to elect in the case of the national FSBA)," the phrase "at the council and obtain its" in Article 38, paragraph (1) shall be deemed to be replaced with "to the auditors and obtain their," and the term "council" in paragraph (3) of the same Article shall be deemed to be replaced with "auditors."

#### Article 82-9 (Advisor)

An FSBA may designate a person with the relevant knowledge and experience as an advisor, and ask for his/her advice regarding important matters of the FSBA; provided, however, that such advisor may not represent the FSBA.

#### Article 82-10 (General Meeting)

(1) The president shall convene the ordinary general meeting once every business year, pursuant to the provisions of the articles of association.

(2) The president may, when he/she finds it to be necessary, convene the extraordinary general meeting at any time, pursuant to the provisions of the articles of association.

(3) The following matters require a majority vote of or more two-thirds of the voting rights of those present, where or more a half of all members are present in the case of a prefectural FSBA, and where members having voting rights of or more a half of the total number of voting rights are present in the case of the national FSBA:

- (i) A change to the articles of association
- (ii) Dissolution of the FSBA

(iii) Expulsion of a member

(4) With regard to the general meeting, the provisions of Article 47, paragraphs (2) to (4), Articles 48 to 50, Article 51, paragraph (1) and paragraph (2), Article 52, Article 53-3, and Article 53-4 shall apply mutatis mutandis; with regard to an action for a declaratory judgment on the nonexistence or invalidity of or an action for rescission of a resolution of the general meeting, Article 830, Article 831, Article 834 (limited to the portions pertaining to item (xvi) and item (xvii)), Article 835, paragraph (1), Article 836, paragraph (1) and paragraph (3), Article 837, Article 838, and Article 846 (Action for Declaratory Judgment on Nonexistence or Invalidity of or Action for Rescission of a Resolution of a Shareholders Meeting) (excluding the portions pertaining to company auditors in these provisions) of the Companies Act shall apply mutatis mutandis. In this case, the term "council" in Article 47, paragraph (2) and paragraph (4) shall be deemed to be replaced with "president" and the phrase "no director has" in Article 48 shall be deemed to be replaced with "the president has not."

Article 82-11 (General Meeting of Representatives)

- (1) A prefectural FSBA whose total number of members exceeds two hundred persons may establish the general meeting of representatives in lieu of the general meeting, pursuant to the provisions of the articles of association
- (2) With regard to the general meeting of representatives, the provisions concerning the general meeting of a prefectural FSBA and the provisions of Article 55, paragraphs (2) to (5) shall apply mutatis mutandis. In this case, the term "five" in Article 77, paragraph (6) shall be deemed to be replaced with "two."
- (3) Notwithstanding the provisions of the preceding paragraph, the general meeting of representatives may not elect representatives (excluding the election of a representative for filling a vacancy) nor decide the matters set forth in paragraph (3), item (ii) of the preceding Article.

Article 82-12 (Sectional Meeting)

An FSBA may, pursuant to the provisions of the articles of association, establish a sectional meeting for each type of cooperative, etc.

## **Section 6 Dissolution and Liquidation**

Article 82-13 (Grounds for Dissolution)

- (1) An FSBA shall be dissolved based on any of the following grounds:
  - (i) A resolution of the general meeting
  - (iii) A decision on the commencement of bankruptcy proceedings
  - (iii) An order of dissolution under the provisions of Article 106, paragraph (2)

(2) When an FSBA has been dissolved pursuant to the provisions of item (i) of the preceding paragraph, it shall notify an administrative agency to that effect within two weeks from the date of the dissolution.

#### Article 82-14 (Liquidator)

When an FSBA has been dissolved, the president shall become the liquidator, except in the case of a dissolution based on a decision on the commencement of bankruptcy proceedings; provided, however, that this shall not apply when another person has been appointed as a liquidator at the general meeting.

#### Article 82-15 (Liquidation Affairs)

The liquidator shall, without delay after assuming the position, investigate the status of the property of the FSBA, prepare an inventory of the property and a balance sheet, decide on the method for disposing of the property, submit the documents to the general meeting, and request approval.

#### Article 82-16 (Restriction on Distribution of Property)

The liquidator shall not distribute the property of the FSBA until after paying the obligations of the FSBA.

#### Article 82-17 (Approval of the Settlement of Account)

After completing the affairs of the liquidation, the liquidator shall, without delay, prepare a statement of accounts, submit it to the general meeting, and request approval.

#### Article 82-18 (Application Mutatis Mutandis of the Civil Code, etc.)

(1) With regard to dissolution and liquidation, the provisions of Article 73, Article 75, Article 76, and Articles 78 to 82 (Liquidation of a Juridical Person) of the Civil Code and Article 35, paragraph (2) and Articles 37 to 40 (Supervision of Liquidation of a Juridical Person) of the Non-Contentious Cases Procedure Act shall apply mutatis mutandis; and with regard to the liquidator, the provisions of Article 35-3, Article 36-3, paragraph (1), Article 37, paragraph (1), Article 38, Article 39, Article 40, paragraphs (2) to (10) (excluding paragraph (6)), Article 47, paragraphs (2) to (4), Article 48, and Article 82-10, paragraph (1) and paragraph (2) of this Act and Article 44, paragraph (1) (Capacity of Juridical Person to Commit Tortious Acts) of the Civil Code shall apply mutatis mutandis. In this case, "the preceding Article" in Article 75 of the same Act shall be deemed to be replaced with "Article 82-14 of the Small and Medium-Sized Enterprise Cooperatives Act," the phrase "at the council and obtain its" in Article 38, paragraph (1) shall be deemed to be replaced with "to the auditors and obtain their," and the term

"council" in paragraph (3) of the same Article shall be deemed to be replaced with "auditors."

- (2) A court supervising the dissolution and liquidation of an FSBA may seek the opinion of or commission an investigation by an administrative agency supervising the operations of the FSBA.
- (3) An administrative agency prescribed in the preceding paragraph may state its opinion to the court prescribed in the same paragraph.

## **Chapter IV Registration**

### **Section 1 General Provisions**

#### Article 83 (Effect of Registration)

Matters to be registered pursuant to the provisions of this Act may not be duly asserted against a third party until after the completion of the registration.

### **Section 2 Registration of Cooperatives and FSBAs**

#### **Subsection 1 Registration at the Location of the Principal Office**

#### Article 84 (Registration of Formation of a Cooperative, etc.)

- (1) A cooperative shall complete the registration of its formation at the location of its principal office within two weeks from the day on which the payment of a contribution under the provisions of Article 29 has been made.
- (2) In the registration set forth in the preceding paragraph, the following matters (excluding the matter set forth in item (iii) in the case of registration of the formation of a joint enterprise cooperative) shall be registered:
  - (i) Activities
  - (ii) Name
  - (iii) District
  - (iv) Office address
  - (v) Unit amount of contribution, the method of its payment, the total number of units of contribution, and the total amount of contribution already paid
  - (vi) The duration of the cooperative or the grounds for its dissolution if the cooperative has set such duration or grounds
  - (vii) Name, domicile and qualifications of the person having the authority of representation
  - (viii) Method of public notice
  - (ix) If the provisions of the articles of association under Article 33, paragraph (4) specify electronic public notice as the method of public notice, the following

matters:

- (a) Matters necessary for making the information that should be publicly notified available to many and unspecified persons by electromagnetic means, which are specified by an Ordinance of the Ministry of Justice
  - (b) If there are provisions of the articles of association set forth in the second sentence of Article 33, paragraph (5), such provisions
- (3) An FSBA shall complete the registration of its formation at the location of its principal office within two weeks from the day on which the formation has been approved.
- (4) In the registration set forth in the preceding paragraph, the following matters shall be registered:
- (i) Activities
  - (ii) Name
  - (iii) Office address
  - (iv) Name, domicile and qualifications of the person having the authority of representation
  - (v) Method of public notice

#### Article 85 (Registration of a Change)

- (1) A cooperative or an FSBA (hereinafter referred to as a "cooperative, etc." in this Chapter) shall, when there has been any change to the matters listed in the items of paragraph (2) or the items listed in paragraph (4) of the preceding Article, complete registration of such change at the location of its principal office within two weeks.
- (2) Notwithstanding the provisions of the preceding paragraph, among the matters listed in paragraph (2), item (v) of the preceding Article, it is sufficient to register a change to the total number of units of contribution and the total amount of contribution already paid as of the final day of each business year, within four weeks from said final day.

#### Article 86 (Registration of Relocation of the Principal Office to the Jurisdictional District of Another Registry Office)

When a cooperative, etc. has relocated its principal office to the jurisdictional district of another registry office, it shall, within two weeks, complete registration of the relocation at the former location, and register the matters specified respectively in the following items for the categories of cooperatives, etc. listed in those items at the new location:

- (i) Cooperative-Matters listed in the items of Article 84, paragraph (2)
- (ii) FSBA-Matters listed in the items of Article 84, paragraph (4)

Article 87 (Registration of a Provisional Disposition to Suspend Execution of Duties, etc.)

When an order of a provisional disposition to suspend the execution of duties of the persons specified respectively in the following items for the categories of cooperatives, etc. listed in those items or to appoint a person to act for said person has been issued or a decision has been made to change or rescind such order of a provisional disposition, registration to that effect shall be completed at the location of the principal office of the cooperative, etc.:

- (i) Cooperative-Director representing the cooperative
- (ii) FSBA-President

Article 88 (Registration of a Counselor)

When a cooperative has appointed a counselor, it shall, within two weeks, register the name and domicile of the counselor and the office to which the counselor has been assigned at the location of its principal office. The same shall apply with regard to a change to the registered matters and the extinction of the authority of representation of the counselor.

Article 89 (Registration of an Absorption-Type Merger)

When a cooperative has carried out an absorption-type merger, it shall, within two weeks from the day on which the absorption-type merger has taken effect, register the dissolution with regard to the cooperative which has been dissolved as a result of the absorption-type merger and register a change with regard to the cooperative surviving the absorption-type merger at the location of the principal office.

Article 90 (Registration of a Consolidation-Type Merger)

When two or more cooperatives carry out a consolidation-type merger, they shall, within two weeks from any of the following dates that is the latest, register the dissolution with regard to the cooperatives which have been dissolved as a result of the consolidation-type merger and register the formation with regard to the cooperative formed by the consolidation-type merger at the location of the principal office:

- (i) The date of the resolution of the general meeting set forth in Article 63-6, paragraph (3)
- (ii) The day on which the procedure under the provisions of Article 56-2 as applied mutatis mutandis pursuant to Article 63-6, paragraph (4) has been completed
- (iii) The date agreed between the cooperatives dissolved as a result of the consolidation-type merger
- (iv) The day on which the approval under Article 66, paragraph (1) has been obtained



#### Article 91 (Registration of Dissolution)

When a cooperative, etc. has been dissolved pursuant to the provisions of Article 62, paragraph (1), item (i) or item (iv) or Article 82-13, paragraph (1), item (i), it shall register the dissolution within two weeks at the location of its principal office.

#### Article 92 (Registration of Completion of Liquidation)

When liquidation has been completed, the completion of liquidation shall be registered at the location of the principal office within two weeks from the dates specified respectively in the following items for the categories of cooperative, etc. listed in those items:

- (i) Cooperative-The date of the approval under Article 507, paragraph (3) of the Companies Act as applied mutatis mutandis pursuant to Article 69, paragraph (1)
- (ii) FSBA-The date of the approval under Article 82-17

### **Subsection 2 Registration at the Location of a Secondary Office**

#### Article 93 (Registration at the Location of a Secondary Office)

(1) In the cases listed in the following items (excluding the case where the secondary office prescribed in each item is located within the jurisdictional district of the registry office having jurisdiction over the location of the principal office), registration at the location of a secondary office shall be completed at the location of said secondary office, within the periods specified respectively in those items:

- (i) The case where a secondary office has been established at the time of formation of the cooperative, etc. (excluding the case set forth in the following item)-Within two weeks from the date of the registration of formation at the location of the principal office
  - (ii) The case where a cooperative formed by a consolidation-type merger has established a secondary office at the time of the consolidation-type merger-Within three weeks from the date prescribed in Article 90
  - (iii) The case where a secondary office has been established after the establishment of the cooperative, etc.-Within three weeks from the date of the establishment of the secondary office
- (2) At the time of registration at the location of a secondary office, the following matters shall be registered; provided, however, that it shall be sufficient to register the matter set forth in item (iii) when a new secondary office has been established within the juridical district of a registry office having jurisdiction over the location of a secondary office:
- (i) Name
  - (ii) Address of the principal office

- (iii) Addresses of any secondary offices (limited to those located within the jurisdictional district of the registry office having jurisdiction over said secondary office)
- (3) When a change has occurred to any matters listed in the items of the preceding paragraph, registration of the change shall be completed at the location of said secondary office within three weeks.

#### Article 94 (Registration of Relocation of a Secondary Office to the Jurisdictional District of Another Registry Office)

When a cooperative, etc. has relocated its secondary office to the jurisdictional district of another registry office, it shall complete registration of the relocation at the former location (excluding the case where it is within the jurisdictional district of the registry office having jurisdiction over the location of the principal office) within three weeks, and complete registration of the matters listed in the items of paragraph (2) of the preceding Article at the new location (excluding the case where it is within the jurisdictional district of the registry office having jurisdiction over the location of the principal office; hereinafter the same shall apply in this Article) within four weeks; provided, however, that it is sufficient to register the matter set forth in item (iii) of the same paragraph at the new location when a new secondary office has been established within the jurisdictional district of the registry office having jurisdiction over the location of a secondary office.

#### Article 95 (Registration of a Change at the Locations of Secondary Offices)

In the cases provided in Article 89, Article 90, and Article 92, the registrations prescribed in these provisions shall also be completed at the locations of secondary offices within three weeks from the dates prescribed in these provisions; provided, however, that registration of a change prescribed in Article 89 shall be completed only when there has been any change to the matters listed in the items of Article 93, paragraph (2).

### **Section 3 Commission of Registration**

#### Article 96

- (1) With regard to the case where a judgment upholding a claim pertaining to an action for invalidation of the formation of a cooperative has become final and binding, the provisions of Article 937, paragraph (1) (limited to the portions pertaining to item (i), (a)) of the Companies Act shall apply mutatis mutandis. In this case, any necessary technical replacement of terms shall be specified by a Cabinet Order.
- (2) With regard to the case where a judgment affirming a claim pertaining to an

action for the invalidation of a reduction of the unit amount of the contribution of a cooperative has become final and binding, the provisions of Article 937, paragraph (1) (limited to the portions pertaining to item (i), (d)) of the Companies Act shall apply mutatis mutandis. In this case, any necessary technical replacement of terms shall be specified by a Cabinet Order.

- (3) With regard to the case where a judgment affirming a claim pertaining to an action for a declaratory judgment on the nonexistence or invalidity of or an action for rescission of a resolution of the general meeting has become final and binding, the provisions of Article 937, paragraph (1) (limited to the portions pertaining to item (i), (g)) of the Companies Act shall apply mutatis mutandis. In this case, any necessary technical replacement of terms shall be specified by a Cabinet Order.
- (4) With regard to the case where a judgment affirming a claim pertaining to an action for the invalidation of a merger has become final and binding, the provisions of Article 937, paragraph (3) (limited to the portions pertaining to item (ii) and item (iii)) of the Companies Act shall apply mutatis mutandis. In this case, any necessary technical replacement of terms shall be specified by a Cabinet Order.
- (5) When an administrative agency has ordered the dissolution of a cooperative, etc. pursuant to the provisions of Article 106, paragraph (2), it shall commission the registration of the dissolution without delay.

#### **Section 4 Registration Procedure, etc.**

##### Article 97 (Competent Registry Office and Registry)

- (1) With regard to registration of a cooperative, etc., the competent registry office shall be the Legal Affairs Bureau or the District Legal Affairs Bureau having jurisdiction over the location of the office of the cooperative, etc. or a branch office or a sub-branch office of such bureau.
- (2) Each registry office shall keep a business cooperative registry, a minor business cooperative registry, a fire mutual aid cooperative registry, a credit cooperative registry, a registry of federations of cooperatives, a joint enterprise cooperative registry, and a registry of federations of small business associations.

##### Article 98 (Application for Registration of Formation)

- (1) Registration of the formation of a cooperative, etc. shall be made through the filing of an application by the person representing the cooperative, etc.
- (2) A written application for the registration of formation shall have attached the documents specified respectively in the following items for the categories of cooperatives, etc. listed in those items, except when otherwise provided by laws and ordinances:
  - (i) Cooperative-The articles of association, a document proving the qualifications of

the person having the authority of representation, and a document proving the total number of units of contribution and the fact that there has been the payment of a contribution under the provisions of Article 29

- (ii) FSBA-The articles of association and a document proving the qualifications of the person having the authority of representation

#### Article 99 (Application for Registration of a Change)

- (1) A written application for registration of establishment or relocation of an office of a cooperative, etc. or any change to the matters listed in the items of Article 84, paragraph (2) or the items of paragraph (4) of the same Article shall have attached a document proving the new establishment or relocation of the office or proving the change to the matters listed in the items of paragraph (2) of the same Article or the items of paragraph (4) of the same Article.
- (2) A written application for registration of a change resulting from a reduction of the unit amount of the contribution shall have attached, in addition to the document set forth in the preceding paragraph, a document proving that public notice or notice under the provisions of Article 56-2, paragraph (2) (in the case of a cooperative which has given public notice by the method of public notice set forth in Article 33, paragraph (4), item (ii) or item (iii) in accordance with the provisions of the articles of association under the provisions of the same paragraph, in addition to giving public notice in an official gazette, pursuant to the provisions of Article 56-2, paragraph (3), public notice by these methods) has been given, and, if any obligee has stated an objection, the fact that a payment has been made or equivalent security has been provided to said obligee or equivalent property has been entrusted for the purpose of having such obligee receive the payment, or the fact that the reduction of the unit amount of contribution carries no risk of harming said obligee.

#### Article 100 (Application for Registration of Dissolution)

A written application for registration of the dissolution of a cooperative, etc. under the provisions of Article 91 shall have attached a document proving the ground for dissolution.

#### Article 101 (Application for Registration of Completion of Liquidation)

The liquidator shall attach to a written application for registration of the completion of the liquidation of a cooperative, etc. a document proving that the settlement of account under the provisions of Article 507, paragraph (3) of the Companies Act as applied mutatis mutandis pursuant to Article 69, paragraph (1) or the provisions of Article 82-17 has been approved.

Article 102 (Application for Registration of a Change Resulting from an Absorption-Type Merger)

A written application for registration of a change resulting from an absorption-type merger of a cooperative shall have attached, in addition to a document proving the change to matters listed in the items of Article 84, paragraph (2), a document proving that public notice or notice under the provisions of Article 56-2, paragraph (2) as applied mutatis mutandis pursuant to Article 63-4, paragraph (4) and to Article 63-5, paragraph (6) (in the case of a cooperative which has given public notice by the method of public notice set forth in Article 33, paragraph (4), item (ii) or item (iii) in accordance with the provisions of the articles of association under the provisions of the same paragraph, in addition to giving public notice in an official gazette, pursuant to the provisions of Article 56-2, paragraph (3) as applied mutatis mutandis pursuant to Article 63-4, paragraph (4) and to Article 63-5, paragraph (6), public notice by these methods) has been given, and, if any obligee has stated an objection, the fact that a payment has been made or equivalent security has been provided to said obligee or equivalent property has been entrusted for the purpose of having such obligee receive the payment, or the fact that the absorption-type merger carries no risk of harming said obligee, and a certificate of the registered matters of the cooperative dissolved as a result of the absorption-type merger (excluding one whose principal office is located within the jurisdictional district of the relevant registry office).

Article 102-2 (Application for Registration of Formation by a Consolidation-Type Merger)

A written application for registration of formation by a consolidation-type merger of cooperatives shall have attached, in addition to the documents specified in Article 98, paragraph (2), item (i), a document proving that public notice or notice under the provisions of Article 56-2, paragraph (2) as applied mutatis mutandis pursuant to Article 63-6, paragraph (4) (in the case of a cooperative which has given public notice by the method of public notice set forth in Article 33, paragraph (4), item (ii) or item (iii) in accordance with the provisions of the articles of association under the provisions of the same paragraph, in addition to giving public notice in an official gazette, pursuant to the provisions of Article 56-2, paragraph (3) as applied mutatis mutandis pursuant to Article 63-6, paragraph (4), public notice by these methods) has been given, and, if any obligee has stated an objection, the fact that a payment has been made or equivalent security has been provided to said obligee or equivalent property has been entrusted for the purpose of having such obligee receive the payment, or the fact that the consolidation-type merger carries no risk of harming said obligee, and certificates of the registered matters of the cooperatives dissolved as a result of the consolidation-type merger (excluding those whose principal offices are

located within the jurisdictional district of the relevant registry office).

#### Article 103 (Application Mutatis Mutandis of the Commercial Registration Act)

With regard to registration of a cooperative, etc., the provisions of Articles 2 to 5 (Registry Office and Registrar), Articles 7 to 15, Articles 17 to 23-2, Article 24 (excluding item (xv) and item (xvi)), Articles 25 to 27 (Registry, etc., General Rules on the Registration Procedure, and Prohibition of Registration of Identical Trade Names for Identical Office Addresses), Articles 48 to 53, Article 71, paragraph (1) and paragraph (3) (Registration of a Stock Company) and Articles 132 to 148 (Correction and Cancellation of Registration and Miscellaneous Provisions) of the Commercial Registration Act (Act No. 125 of 1963) shall apply mutatis mutandis; and with regard to registration of a cooperative, the provisions of Article 24 (limited to the portions pertaining to item (xv)) (Dismissal of Application), Article 45 (Registration of the Manager of a Company), Article 79, Article 82 and Article 83 (Registration of a Merger) of the same Act shall apply mutatis mutandis. In this case, the term "Corporate Reorganization Act (Act No. 154 of 2002)" in Article 12, paragraph (1) of the same Act shall be deemed to be replaced with "Act on Special Treatment of Corporate Reorganization Proceedings and Other Insolvency Proceedings of Financial Institutions (Act No. 95 of 1996)," the term "the items of Article 930, paragraph (2) of the Companies Act" in Article 48, paragraph (2) of the same Act shall be deemed to be replaced with "the items of Article 93, paragraph (2) of the Small and Medium-Sized Enterprise Cooperatives Act," the phrase "one who has become a liquidator of a liquidating stock company pursuant to the provisions of Article 478, paragraph (1), item (i) of the Companies Act (in the case prescribed in Article 483, paragraph (4) of the same Act, one who has become the representative liquidator of a liquidating stock company pursuant to the provisions of the same paragraph)" in the proviso to Article 71, paragraph (3) of the same Act shall be deemed to be replaced with "a liquidator under the provisions of the main clause of Article 82-14 of the Small and Medium-Sized Enterprise Cooperatives Act" with regard to an FSBA.

### **Chapter V Miscellaneous Provisions**

#### Article 104 (Statement of Dissatisfaction)

- (1) A member who considers that the operations or accounting of the cooperative or the FSBA violates a law or an ordinance, a disposition given by an administrative agency based on a law or an ordinance, the articles of association, the constitution, mutual aid rules or fire mutual aid rules, or that administration of the cooperative or the FSBA is extremely unjust may make a statement to that effect in writing to an administrative agency by attaching the ground therefor.
- (2) When a statement set forth in the preceding paragraph has been made, an

administrative agency shall take necessary measures in accordance with the provisions of this Act.

#### Article 105 (Request for Inspection)

- (1) A member may, by gaining the consent of at least one-tenth of all partner, request an administrative agency to conduct an inspection based on a reason that the operations or accounting of the cooperative or the FSBA is suspected of violating a law or an ordinance, a disposition given by an administrative agency based on a law or an ordinance, the articles of association, the constitution, mutual aid rules or fire mutual aid rules.
- (2) When a request set forth in the preceding paragraph has been made, an administrative agency shall inspect the status of the operations or accounting of the cooperative or the FSBA.

#### Article 105-2 (Submission of Settlement-Related Documents)

- (1) Each business year, a cooperative (excluding a credit cooperative and a federation of cooperatives engaged in the activities set forth in Article 9-9, paragraph (1), item (i)) or an FSBA shall submit a business report, an inventory of property, a balance sheet, a profit and loss statement, and a document stating the method for the appropriation of the surplus or the disposal of losses to an administrative agency, within two weeks from the conclusion of the ordinary general meeting.
- (2) In the case where a cooperative for which an audit by an accounting auditor is required pursuant to the provisions of Article 40-2, paragraph (1) has a subsidiary company, etc., said cooperative shall, each business year, prepare, in addition to the documents set forth in the preceding paragraph, documents stating the status of the operations and property of said cooperative and said subsidiary company, etc. in a consolidated manner, and submit them to an administrative agency.
- (3) Matters to be stated in the documents under the preceding paragraphs and any other necessary matters shall be specified by an ordinance of the competent ministry.

#### Article 105-3 (Collection of Reports)

- (1) Once every year, an administrative agency may collect from a cooperative or an FSBA reports on partner, officers, employees, amount of activities, and other general circumstances of the cooperative or the FSBA, which are especially necessary for appropriately processing the administration concerning the cooperative or the FSBA.
- (2) When an administrative agency finds that the operations or accounting of a cooperative or an FSBA is suspected of violating a law or an ordinance, a disposition given by an administrative agency based on a law or an ordinance, the

articles of association, the constitution, mutual aid rules or fire mutual aid rules, or that the administration of a cooperative or an FSBA is suspected of being extremely unjust, it may collect from the cooperative or the FSBA the necessary reports on the operations or accounting.

- (3) When an administrative agency finds it to be necessary for securing the sound and appropriate administration of the operations of a cooperative engaged in mutual aid activities and for achieving the protection of partner and any other mutual aid contractors, it may request the cooperative engaged in mutual aid activities to submit reports or materials on the status of the operations or property.
- (4) When an administrative agency finds it to be especially necessary for securing the sound and appropriate administration of the operations of a cooperative engaged in mutual aid activities and for achieving the protection of partner and any other mutual aid contractors, it may, within the limit necessary, request a subsidiary company, etc. (which means a subsidiary company or a juridical person specified by an ordinance of the competent ministry as one whose management is controlled by the cooperative; the same shall apply in the following paragraph, and paragraph (4) and paragraph (5) of the following Article) or a mutual aid agent of said cooperative to submit reports or materials that would provide a reference concerning the status of operations or property of said cooperative.
- (5) A subsidiary company, etc. or a mutual aid agent of a cooperative may refuse to submit the reports or materials under the provisions set forth in the preceding paragraph when there are justifiable grounds.

#### Article 105-4 (Inspection, etc.)

- (1) When an administrative agency finds that the operations or accounting of a cooperative or an FSBA is suspected of violating a law or an ordinance, a disposition given by an administrative agency based on a law or an ordinance, the articles of association, the constitution, mutual aid rules or fire mutual aid rules, or that the administration of a cooperative or an FSBA is suspected of being extremely unjust, it may inspect the laws and regulations of the operations or accounting of the cooperative or the FSBA.
- (2) When an administrative agency finds it to be necessary for securing the sound and appropriate administration of the operations of a cooperative engaged in mutual aid activities and for achieving the protection of partner and any other mutual aid contractors, it may have its officials enter an office or any other facility of the cooperative engaged in mutual aid activities, and have them ask questions about the status of the operations or accounting, or inspect the books, documents or other relevant items.
- (3) An administrative agency shall inspect the status of the operations or accounting of a cooperative engaged in activities concerning liability mutual aid, etc. once



every year, as a rule.

- (4) When an administrative agency finds it to be especially necessary in the case of carrying out the entry, questioning or inspection under the provisions of the preceding two paragraphs, it may, within the limit necessary, have its officials enter the facility of a subsidiary company, etc. of the cooperative or a mutual aid agent of the cooperative, have them ask questions on matters that are necessary for questioning or inspecting the cooperative, or have them inspect the books, documents or other relevant items.
- (5) A subsidiary company, etc. of the cooperative or a mutual aid agent of the cooperative may refuse the questioning and inspection under the provisions of the preceding paragraph when there are justifiable grounds.
- (6) An official carrying out the entry, questioning, or inspection under the provisions of paragraphs (1) to (4) shall carry an identification card and present it to the persons concerned when requested to do so.
- (7) The authority for the entry, questioning, or inspection under the provisions of paragraphs (1) to (4) shall not be construed as one recognized for criminal investigation.

#### Article 106 (Dispositions Against Violations of Laws and Regulations, etc.)

- (1) In the case when an administrative agency has collected reports pursuant to the provisions of Article 105-3, paragraph (2) or has carried out an inspection pursuant to the provisions of Article 105, paragraph (2) or paragraph (1) of the preceding Article, if it finds that the operations or accounting of the cooperative or the FSBA violates a law or an ordinance, a disposition given by an administrative agency based on a law or an ordinance, the articles of association, the constitution, mutual aid rules or fire mutual aid rules, or that the administration of the cooperative or the FSBA is extremely unjust, it may order the cooperative or the FSBA to take necessary measures within a certain period.
- (2) When a cooperative or an FSBA has violated an order set forth in the preceding paragraph, or when an administrative agency finds that a cooperative or an FSBA has failed to commence its activities within one year from the date of establishment or has suspended its activities for one year or more on a continuous basis without justifiable grounds, the administrative agency may order the cooperative or the FSBA to be dissolved.
- (3) When the position of the person having the authority of representation of a cooperative or an FSBA is vacant or when the whereabouts of such person is unknown, an administrative agency may, in lieu of notice of an order under the provisions set forth in the preceding paragraph, publish the gist thereof in an official gazette.
- (4) In the case set forth in the preceding paragraph, the order shall take effect on the

day when twenty days have elapsed from the date of publication in the official gazette.

Article 106-2 (Supervisory Dispositions Pertaining to Mutual Aid Activities)

- (1) When an administrative agency finds it to be necessary for securing the sound and appropriate administration of the operations of a cooperative engaged in mutual aid activities and for achieving the protection of partner and any other mutual aid contractors, in light of the status of the operations or property of the cooperative engaged in mutual aid activities or due to changes in circumstances, it may, within the limit necessary, order the cooperative to change the matters prescribed in the articles of association, the constitution, mutual aid rules, or fire mutual aid rules or to change the method of execution of the operations.
- (2) When an administrative agency finds it to be necessary for securing the sound and appropriate administration of the operations of a cooperative engaged in mutual aid activities and for achieving the protection of partner and any other mutual aid contractors, in light of the status of the operations or property of the cooperative engaged in mutual aid activities or the property of the cooperative engaged in mutual aid activities and its subsidiary company, etc., it may, by indicating the matters for which measures should be taken and the period in which they should be taken, request the cooperative to submit an improvement plan for securing sound management or order the cooperative to change the submitted improvement plan, or, within the limit necessary, order the suspension of all or part of the operations of the cooperative by setting a time limit or order deposit of the property of the cooperative or any other measure necessary for the purpose of supervision.
- (3) An order under the provisions of the preceding paragraph (including a request for the submission of an improvement plan), which is issued when it is found to be necessary based on the status of the capacity of a specified mutual aid association, a fire mutual aid cooperative, a federation of cooperatives engaged in the activities set forth in Article 9-9, paragraph (1), item (iii), or a specified federation of mutual aid associations to pay mutual aid money, etc., shall be one specified by an ordinance of the competent ministry according to the category of the status of the capacity of such cooperative to pay mutual aid money, etc.
- (4) When an administrative agency finds that the status of the property of a cooperative engaged in mutual aid activities has deteriorated considerably and that it would be inappropriate to continue the mutual aid activities from the viewpoint of protecting partner and any other mutual aid contractors, it may rescind the approval set forth in Article 9-6-2, paragraph (1) (including the case where it is applied mutatis mutandis pursuant to Article 9-9, paragraph (5)) granted for the cooperative, or, in the case of a fire mutual aid cooperative or a federation of

cooperatives engaged in the activities set forth in Article 9-9, paragraph (1), item (iii), rescind the approval set forth in Article 27-2, paragraph (1).

- (5) When a cooperative engaged in mutual aid activities has violated any especially important matter prescribed in a law or an ordinance, a disposition given by an administrative agency based on a law or an ordinance, the articles of association, the constitution, mutual aid rules or fire mutual aid rules, or has committed an act that is harmful to the public interest, it may order the suspension of all or part of the operations of the cooperative or the dismissal of officers, or rescind the approval set forth in Article 9-6-2, paragraph (1) (including the case where it is applied mutatis mutandis pursuant to Article 9-9, paragraph (5)), or, in the case of a fire mutual aid cooperative or a federation of cooperatives engaged in the activities set forth in Article 9-9, paragraph (1), item (iii), rescind the approval set forth in Article 27-2, paragraph (1).

#### Article 106-3 (Notification to an Administrative Agency)

When a cooperative engaged in mutual aid activities (in the case set forth in item (i), the cooperative or the mutual aid agent to which the notification pertains) falls under any of the following items, it shall notify an administrative agency to that effect, pursuant to the provisions of an ordinance of the competent ministry:

- (i) When intending to establish or abolish a mutual aid agent
- (ii) When having appointed a mutual aid actuary or when a mutual aid actuary has retired from office
- (iii) When the cooperative is to own a new subsidiary company, etc.
- (iv) When a subsidiary company, etc. is no longer a subsidiary company, etc.
- (v) When the cooperative has commenced the provision of explanatory documents for public inspection pursuant to the provisions of Article 61-2, paragraph (1) or paragraph (2)
- (vi) When the cooperative falls under any other case specified by an ordinance of the competent ministry

#### Article 107 (Cease and Desist Order)

When the Fair Trade Commission finds that an entrepreneur who is a member of a cooperative (excluding a minor business cooperative) and whose number of regular employees exceeds one hundred is not a small-scale entrepreneur in substance, it may have the entrepreneur withdraw from the cooperative in accordance with the procedure prescribed in the following Article, in order to achieve the purpose of this Act.

#### Article 108

With regard to the case set forth in the preceding Article, the provisions of Articles

40 to 42 (Authority of the Fair Trade Commission), Article 45, Articles 47 to 49, Article 52, Article 55, paragraph (1) and paragraphs (3) to (5), Articles 56 to 58, Article 59, paragraph (1), Articles 60 to 64, Article 66, Article 68, Article 69, paragraph (1) and paragraph (2), Article 70, Article 70-2, paragraphs (1) to (3), Articles 70-3 to 70-5, Article 70-8, Article 70-12, paragraph (2), Articles 70-15 to 70-17, Articles 70-19 to 70-22 (Reports of Facts, Investigations of Cases, Cease and Desist Order, Hearings, Decisions, and Other Procedures for Disposal of Cases), Article 75, Article 76 (Miscellaneous Provisions), Articles 77 to 82, and Article 88 (Lawsuits) of the Antimonopoly Act shall apply *mutatis mutandis*.

#### Article 109 (Jurisdiction of the Tokyo High Court)

- (1) The Tokyo High Court has jurisdiction over the first instance of a lawsuit pertaining to a decision of the Fair Trade Commission under the provisions of the preceding Article.
- (2) The lawsuit set forth in the preceding paragraph shall be heard by a panel of judges established within the Tokyo High Court pursuant to the provisions of Article 87, paragraph (1) of the Antimonopoly Act.

Article 110 Deleted.

#### Article 111 (Competent Administrative Agency)

- (1) In this Act, the "administrative agency" shall be as prescribed in the following items, except in the case of Article 65, paragraph (1) and Article 74, paragraph (2) (including the case where it is applied *mutatis mutandis* pursuant to Article 75, paragraph (3)):
  - (i) With regard to a business cooperative, a minor business cooperative, or a federation of cooperatives (excluding one engaged in the activities set forth in Article 9-9, paragraph (1), item (i) or item (iii)), if its district does not extend beyond the district of a prefecture and the business required for partner as prescribed in the articles of association is not a business under the jurisdiction of the Minister of Finance nor a business under the jurisdiction of the Minister of Land, Infrastructure and Transport (limited to one specified by a Cabinet Order; hereinafter the same shall apply in this item and item (iv)), the administrative agency shall be the prefectural governor having jurisdiction over its principal office (hereinafter referred to as the competent prefectural governor), and if its district does not extend beyond the district of a prefecture and the business required for partner as prescribed in the articles of formation is a business under the jurisdiction of the Minister of Finance or a business under the jurisdiction of the Minister of Land, Infrastructure and Transport and any other business, the administrative agency shall be the Minister of Finance or the Minister of Land,

Infrastructure and Transport and the competent prefectural governor, and if it does not fall under these conditions, the administrative agency shall be the competent minister of the business required for partner as prescribed in the articles of formation.

- (ii) With regard to a credit cooperative or a federation of cooperatives engaged in the activities set forth in Article 9-9, paragraph (1), item (i), the administrative agency shall be the Prime Minister.
  - (iii) With regard to a fire mutual aid cooperative or a federation of cooperatives engaged in the activities set forth in Article 9-9, paragraph (1), item (iii), the administrative agency shall be the Minister of Economy, Trade and Industry and the Prime Minister.
  - (iv) With regard to a joint enterprise cooperative, if all of its business is a business under the jurisdiction of the Minister of Finance or a business under the jurisdiction of the Minister of Land, Infrastructure and Transport, the administrative agency shall be the Minister of Finance or the Minister of Land, Infrastructure and Transport, and if its business is a business under the jurisdiction of the Minister of Finance or a business under the jurisdiction of the Minister of Land, Infrastructure and Transport and any other business, the administrative agency shall be the Minister of Finance or the Minister of Land, Infrastructure and Transport and the competent prefectural governor, and if it does not fall under these conditions, the administrative agency shall be the competent prefectural governor.
  - (v) With regard to a prefectural FSBA, the administrative agency shall be the competent prefectural governor.
  - (vi) With regard to the national FSBA, the administrative agency shall be the Minister of Economy, Trade and Industry.
- (2) The Prime Minister shall delegate his/her authority under this Act (excluding the authority specified by a Cabinet Order) to the Commissioner of the Financial Services Agency.
- (3) Part of the affairs under the authority (excluding the authority pertaining to a fire mutual aid cooperative whose district coincides with the district of a prefecture in the case of the Minister of Economy, Trade and Industry, and excluding the authority delegated to the Commissioner of the Financial Services Agency pursuant to the provisions of the preceding paragraph in the case of the Prime Minister) of the administrative agency (excluding the competent prefectural governor; hereinafter the same shall apply in this Article) prescribed in this Act may be performed by a prefectural governor pursuant to the provisions of a Cabinet Order.
- (4) The administrative agency may delegate part of its authority under this Act to the head of a Local Branch Office, pursuant to the provisions of a Cabinet Order.

- (5) The Commissioner of the Financial Services Agency may delegate part of the authority that has been delegated pursuant to the provisions of paragraph (2) to the head of a Local Finance Bureau or the head of a Local Finance Branch Bureau, pursuant to the provisions of a Cabinet Order.
- (6) With regard to a fire mutual aid cooperative whose district coincides with the district of a prefecture, the grant of approval for formation and part of any other affairs under the authority (limited to the authority that has been delegated to the Commissioner of the Financial Services Agency pursuant to the provisions of paragraph (2) in the case of the Prime Minister) of the administrative agency prescribed in this Act may be performed by a prefectural governor, pursuant to the provisions of a Cabinet Order.

#### Article 111-2 (Ordinance of the Competent Ministry)

An ordinance of the competent ministry under this Act shall be as follows:

- (i) With regard to a business cooperative, a minor business cooperative, or a federation of cooperatives (excluding one engaged in the activities set forth in Article 9-9, paragraph (1), item (i) or item (iii)), an order issued jointly by the ministers having jurisdiction over the business required for partner as prescribed in the articles of association
- (ii) With regard to a fire mutual aid cooperative or a federation of cooperatives engaged in the activities set forth in Article 9-9, paragraph (1), item (iii), an Ordinance of the Ministry of Economy, Trade and Industry/Cabinet Office Ordinance

#### Article 111-3 (Submission of Materials to the Minister of Finance, etc.)

The Minister of Finance may, when he/she finds it to be necessary for planning or drafting a system pertaining to a fire mutual aid cooperative in connection with the financial failure resolution system or financial crisis management under his/her jurisdiction, request the Prime Minister to submit and provide an explanation about the necessary materials.

### **Chapter VI Penal Provisions**

#### Article 112

- (1) When an officer of a cooperative has, under any name, provided a loan, discounted a negotiable instrument, accepted a deposit or an installment saving, or disposed of property of the cooperative for the purpose of speculative transactions, outside the scope of activities of the cooperative, he/she shall be punished by imprisonment with work for not more than three years or a fine of not more than one million yen (imprisonment with work for not more than three years or a fine of not more than

three million yen in the case of a credit cooperative or a federation of cooperatives engaged in the activities set forth in Article 9-9, paragraph (1), item (i)).

(2) A person who has committed a crime set forth in the preceding paragraph may be punished by the cumulative imposition of imprisonment with work and a fine, according to the circumstances.

(3) The provisions of paragraph (1) shall not apply when there are relevant provisions in the Penal Code (Act No. 45 of 1907).

#### Article 112-2

A person who has violated the provisions of Article 39, paragraph (1) of the Financial Instruments and Exchange Act as applied mutatis mutandis pursuant to Article 9-7-5, paragraph (3) (including the case where it is applied mutatis mutandis pursuant to Article 9-9, paragraph (5) or paragraph (8)) (hereinafter referred to as "Financial Instruments and Exchange Act as applied mutatis mutandis") 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.

#### Article 112-3

A person who has violated the provisions of Article 39, paragraph (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 112-4

In the case set forth in the preceding Article, property benefit received by the offender or a third party who knows the circumstances shall be confiscated. When all or part of it cannot be confiscated, the value thereof shall be collected.

#### Article 112-5

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 five hundred thousand yen, or both:

(i) A person who has failed to indicate the matters prescribed in Article 37, paragraph (1) (excluding item (ii)) of the Financial Instruments and Exchange Act as applied mutatis mutandis

(ii) A person who has violated the provisions of Article 37, paragraph (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, paragraph (1) (excluding item (ii) and item (vi)) of the Financial Instruments and Exchange Act as applied mutatis mutandis, failed to deliver a document or has delivered a

document without stating the matters prescribed in the same paragraph or by stating false matters

- (iv) A person who has failed to deliver a document under the provisions of Article 37-4, paragraph (1) of the Financial Instruments and Exchange Act as applied mutatis mutandis or has delivered a document by stating false matters

#### Article 112-6

- (1) A person who has, in violation of the provisions of Article 61-2, paragraph (1) or paragraph (2), failed to provide the documents prescribed in these provisions for public inspection, or who has, in violation of these provisions, provided those documents for public inspection without stating the matters to be stated therein or by stating false matters shall be punished by a fine of not more than one million yen.
- (2) The provisions of the preceding paragraph shall also apply to a person who has made the information contained in electromagnetic records available to many and unspecified persons by electromagnetic means without recording the matters to be recorded therein as specified in Article 61-2, paragraph (4) or by stating false matters, in the case where, pursuant to the provisions of the same paragraph, the documents prescribed in paragraph (1) or paragraph (2) of the same Article shall be deemed to be kept and have been provided for public inspection pursuant to these provisions.

#### Article 112-7

A person who falls under either of the following items shall be punished by a fine of not more than three hundred thousand yen:

- (i) A person who has solicited a mutual aid contract in violation of the provisions of Article 275, paragraph (1) of the Insurance Business Act as applied mutatis mutandis pursuant to Article 9-7-5, paragraph (2) (including the case where it is applied mutatis mutandis pursuant to Article 9-9, paragraph (5) or paragraph (8))
- (ii) A person who has committed any of the acts listed in Article 300, paragraph (1), items (i) to (iii) of the Insurance Business Act in violation of the provisions of the same paragraph as applied mutatis mutandis pursuant to Article 9-7-5, paragraph (2) (including the case where it is applied mutatis mutandis pursuant to Article 9-9, paragraph (5) or paragraph (8))

#### Article 113

When a cooperative has, in violation of the provisions of Article 7, paragraph (3), failed to give a notification or has given a false notification, the directors of the cooperative shall be punished by a fine of not more than three hundred thousand



yen.

#### Article 114

A person who has failed to make a report under the provisions of Article 27, paragraph (1) of the Warehousing Business Act as applied mutatis mutandis pursuant to Article 9-3, paragraph (4) or under the provisions of Article 105-3, paragraph (2) of this Act or has made a false report, or who has failed to submit a report or material under the provisions of paragraph (3) or paragraph (4) of the same Article or has submitted a false report or material, or who has refused, obstructed, or avoided an inspection under the provisions of Article 27, paragraph (1) of the Warehousing Business Act as applied mutatis mutandis pursuant to Article 9-3, paragraph (4) or under the provisions of Article 105, paragraph (2) or Article 105-4, paragraph (1) or (3), or who has refused to respond to or has given a false answer to the questioning or obstructed, or avoided an inspection under the provisions of paragraph (2) or paragraph (4) of the same Article shall be punished by a fine of not more than three hundred thousand yen (imprisonment with work for not more than one year or a fine of not more than three million yen in the case of a credit cooperative or a federation of cooperatives engaged in the activities set forth in Article 9-9, paragraph (1), item (i)).

#### Article 114-2

When a cooperative or an FSBA has violated an order under the provisions of Article 106, paragraph (1), the directors of said cooperative or the president of said FSBA shall be punished by a fine of not more than three hundred thousand yen.

#### Article 114-3

A person who has, in violation of the provisions of Article 955, paragraph (1) of the Companies Act as applied mutatis mutandis pursuant to Article 33, paragraph (7), failed to state or record the matters provided by an Ordinance of the Ministry of Justice concerning an investigation of the electronic public notice prescribed in the same paragraph in an investigation record registry, etc. prescribed in the same paragraph, or has stated or recorded false matters, or has failed to preserve the investigation record registry, etc. shall be punished by a fine of not more than three hundred thousand yen.

#### Article 114-4

When the representative person of a juridical person, or an agent, employee, or any other worker of a juridical person or an individual has, with regard to the business of said juridical person or individual, committed a violation of the provisions listed in either of the following items, not only the offender shall be punished but also said

juridical person shall be punished by a fine set forth in the respective items or said individual shall be punished by a fine set forth in the respective Articles:

- (i) Article 112-2-A fine of not more than three hundred million yen
- (ii) Article 112-2-A fine of not more than one hundred million yen
- (iii) Article 112-5, Article 112-6, paragraph (1) or paragraph (2) or the preceding Article-A fine set forth in the respective Articles
- (iv) Article 114-A fine set forth in the same Article (a fine of not more than two hundred million yen in the case of a credit cooperative or a federation of cooperatives engaged in the activities set forth in Article 9-9, paragraph (1), item (i))

#### Article 114-5

A person who falls under either of the following items shall be punished by a non-penal fine of not more than one hundred million yen:

- (i) A person who has, in violation of the provisions of Article 946, paragraph (3) of the Companies Act as applied mutatis mutandis pursuant to Article 33, paragraph (7), failed to make a report or has made a false report
- (ii) A person who has refused any of the requests listed in the items of Article 951, paragraph (2) of the Companies Act or the items of Article 955, paragraph (2) of the same Act as applied mutatis mutandis pursuant to Article 33, paragraph (7) without justifiable grounds

#### Article 114-6

(1) In any of the following cases, the officers, accounting auditors or liquidators of a cooperative engaged in mutual aid activities shall be punished by a non-penal fine of not more than two hundred thousand yen:

- (i) When, in violation of the provisions of article 9-2, paragraph (7) or Article 9-9, paragraph (4), having engaged in the activities prescribed in these provisions without obtaining approval
- (ii) When having violated the provisions of Article 9-6-25, paragraph (1) (including the case where it is applied mutatis mutandis pursuant to Article 9-9, paragraph (5))
- (iii) When, in the case where a request under the provisions of Article 344, paragraph (2) of the Companies Act as applied mutatis mutandis pursuant to Article 40-2, paragraph (3) has been made, having failed to include the matter to which said request pertains in the purpose of the general meeting or having failed to submit a proposal to which said request pertains to the general meeting
- (iv) When, in violation of the provisions of Article 396, paragraph (2) of the Companies Act as applied mutatis mutandis pursuant to Article 40-2, paragraph (3), having refused an inspection or the copying of a document or matters

- contained in an electromagnetic record that have been displayed by a method specified by an ordinance of the competent ministry, without justifiable grounds
- (v) When, on stating opinions pursuant to the provisions of Article 398, paragraph (2) of the Companies Act as applied mutatis mutandis pursuant to Article 40-2, paragraph (3), having made a false statement to or having concealed facts from the ordinary general meeting
  - (vi) When, on making a report pursuant to the provisions of Article 340, paragraph (3) of the Companies Act as applied mutatis mutandis pursuant to Article 40-2, paragraph (3) or Article 40-3, paragraph (2), having made a false statement to or having concealed facts from the general meeting
  - (vii) When having violated the provisions of Article 40-3, paragraph (1)
  - (viii) When having violated the provisions of Article 57-2
  - (ix) When having transferred the activities of a cooperative in violation of the provisions of Article 57-4
  - (x) When having violated the provisions of Article 58, paragraph (5)
  - (xi) When having violated the provisions of Article 58-2, paragraph (1) or paragraph (2)
  - (xii) When, in violation of the provisions of Article 58-6, paragraph (1), having failed to carry out the procedure to appoint a mutual aid actuary or having appointed a person who fails to satisfy the requirements specified by an ordinance of the competent ministry set forth in paragraph (2) of the same Article as a mutual aid actuary
  - (xiii) When having violated an order (including a request for the submission of an improvement plan) under the provisions of Article 58-8 or Article 106-2, paragraph (1), paragraph (2) or paragraph (5)
  - (xiv) When, in violation of the provisions of Article 68-3, having disposed of property of the cooperative
  - (xv) When, in violation of the provisions of Article 105-2, paragraph (2), having failed to submit the documents or having submitted false documents
  - (xvi) When having violated the provisions of Article 106-3
- (2) The provisions of the preceding paragraph shall also apply to the case where a person prescribed in Article 976 of the Companies Act has obstructed an inspection under the provisions of Article 396, paragraph (3) of the same Act as applied mutatis mutandis pursuant to Article 40-2, paragraph (3).

#### Article 114-7

When a mutual aid agent has failed to submit a report or material under the provisions of Article 305 of the Insurance Business Act as applied mutatis mutandis pursuant to Article 9-7-5, paragraph (2) (including the case where it is applied mutatis mutandis pursuant to Article 9-9, paragraph (5) or paragraph (8)) or has

submitted a false report or material, or has refused to respond to the questioning or has given a false answer to the questioning, or has refused, obstructed, or avoided an inspection under the provisions of the same Article, or has violated an order under the provisions of Article 306 or Article 307, paragraph (1) of the same Act as applied mutatis mutandis pursuant to Article 9-7-5, paragraph (2), the mutual aid agent shall be punished by a non-penal fine of not more than two hundred thousand yen.

#### Article 115

- (1) In any of the following cases, the founders, officers or liquidators of a cooperative or an FSBA shall be punished by a non-penal fine of not more than two hundred thousand yen:
  - (i) When having engaged in activities other than those that the cooperative or the FSBA is able to conduct based on the provisions of this Act
  - (ii) When having failed to complete registration under the provisions of this Act
  - (iii) When having violated the provisions of Article 9-2, paragraph (3) (including the case where it is applied mutatis mutandis pursuant to Article 9-7-2, paragraph (3) or Article 9-9, paragraph (5))
  - (iv) When having accepted a deposit or an installment saving in violation of the provisions of Article 9-8, paragraph (3) (including the case where it is applied mutatis mutandis pursuant to Article 9-9, paragraph (7))
  - (v) When having provided a loan or discounted a negotiable instrument in violation of the provisions of Article 9-8, paragraph (4) (including the case where it is applied mutatis mutandis pursuant to Article 9-9, paragraph (7))
  - (vi) When having violated the provisions of Article 9-9, paragraph (2) or paragraph (3)
  - (vii) When, in violation of the provisions of Article 10-2 or Article 34-2 (including the case where these provisions are applied mutatis mutandis pursuant to Article 82-8), Article 40 (including the case where it is applied mutatis mutandis pursuant to Article 69, paragraph (1), Article 82-8, or Article 82-18, paragraph (1)), Article 56 (including the case where it is applied mutatis mutandis pursuant to Article 57-2-2, paragraph (5)), Article 63-4, paragraph (1) or paragraph (2), Article 63-5, paragraph (1), paragraph (2), or paragraph (7) or (9), Article 63-6, paragraph (1) or paragraph (2), or Article 64, paragraphs (6) to (8), having failed to keep documents or electromagnetic records, having failed to state or record matters to be stated or recorded in the documents or electromagnetic records, or having stated or recorded false matters, or having refused an inspection or the copying of documents or matters contained in electromagnetic records that have been displayed by a method specified by an ordinance of the competent ministry, delivery of a transcript or an extract of the documents, provision of matters contained in the electromagnetic records by electromagnetic means, or delivery of

- a document stating said matters, without justifiable grounds
- (viii) When having violated the provisions of Article 79, paragraph (1) (including the case where it is applied mutatis mutandis pursuant to paragraph (3) of the same Article)
  - (ix) When having violated the provisions of Article 19, paragraph (2) (including the case where it is applied mutatis mutandis pursuant to Article 80, paragraph (3)), Article 42, paragraph (5) or paragraph (6), or Article 45, paragraph (5) or paragraph (6)
  - (x) When, in violation of the provisions of Article 27, paragraph (7), Article 36-7, paragraph (1) (including the case where it is applied mutatis mutandis pursuant to Article 69, paragraph (1)), Article 53-4, paragraph (1) (including the case where it is applied mutatis mutandis pursuant to Article 82-10, paragraph (4)), Article 82, paragraph (3) or Article 82-15 or the provisions of Article 492, paragraph (1) of the Companies Act as applied mutatis mutandis pursuant to Article 69, paragraph (1), having failed to prepare the minutes, an inventory of property, or a balance sheet, or having failed to state or record the matters to be stated or recorded in these documents or electromagnetic records, or having stated or recorded false matters
  - (xi) When having violated the provisions of Article 31, Article 35-2 (including the case where it is applied mutatis mutandis pursuant to Article 82-8), Article 62, paragraph (2) or Article 82-13, paragraph (2)
  - (xii) When, in violation of the provisions of Article 941 of the Companies Act as applied mutatis mutandis pursuant to Article 33, paragraph (7), having failed to request an investigation set forth in the same Article
  - (xiii) When, in violation of the provisions of Article 35, paragraph (6), having failed to appoint a person who falls under the category of persons prescribed in the same paragraph as an auditor
  - (xiv) When having violated the provisions of Article 35, paragraph (7) (including the case where it is applied mutatis mutandis pursuant to Article 82-8)
  - (xv) When, in the case where a request under the provisions of Article 343, paragraph (2) of the Companies Act as applied mutatis mutandis pursuant to Article 36-3, paragraph (3) has been made, having failed to include the matter to which said request pertains in the purpose of the general meeting or having failed to submit a proposal to which said request pertains to the general meeting
  - (xvi) When having obstructed an investigation under the provisions of Article 381, paragraph (2) or Article 384 of the Companies Act as applied mutatis mutandis pursuant to Article 36-3, paragraph (3), the provisions of Article 389, paragraph (5) of the Companies Act as applied mutatis mutandis pursuant to Article 36-3, paragraph (5), or the provisions of Article 381, paragraph (2), Article 384, or Article 492, paragraph (1) of the Companies Act as applied mutatis mutandis

- pursuant to Article 69, paragraph (1)
- (xvii) When, in violation of the provisions of Article 389, paragraph (4) of the Companies Act as applied mutatis mutandis pursuant to Article 36-3, paragraph (5) or the provisions of Article 36-7, paragraph (5) (including the case where it is applied mutatis mutandis pursuant to Article 69, paragraph (1)), Article 41, paragraph (3), or Article 53-4, paragraph (4) (including the case where it is applied mutatis mutandis pursuant to Article 82-10, paragraph (4)), having refused an inspection or the copying of a document or matters contained in an electromagnetic record that have been displayed by a method specified by an ordinance of the competent ministry, without justifiable grounds
- (xviii) When having violated the provisions of Article 37, paragraph (1) (including the case where it is applied mutatis mutandis pursuant to Article 69, paragraph (1), Article 82-8, or Article 82-18, paragraph (1)) or paragraph (2) (including the case where it is applied mutatis mutandis pursuant to Article 69, paragraph (1))
- (xix) When having failed to make a disclosure under the provisions of Article 38, paragraph (1) (including the case where it is applied mutatis mutandis pursuant to Article 69, paragraph (1), Article 82-8, or Article 82-18, paragraph (1)) or the provisions of Article 38-2, paragraph (6)
- (xx) When, in violation of the provisions of Article 38, paragraph (3) (including the case where it is applied mutatis mutandis pursuant to Article 69, paragraph (1), Article 82-8, or Article 82-18, paragraph (1)), having failed to make a report to the council or having made a false report
- (xxi) When having violated the provisions of Article 46 or Article 82-10, paragraph (1)
- (xxii) When, in violation of the provisions of Article 56, paragraph (1) or Article 56-2, paragraph (5), having reduced the unit amount of contribution or, in violation of the provisions of Article 56-2, paragraph (5) as applied mutatis mutandis pursuant to Article 56, paragraph (1) as applied mutatis mutandis pursuant to Article 57-2-2, paragraph (5) or the provisions of Article 57-2-2, paragraph (5), Article 63-4, paragraph (4), Article 63-5, paragraph (6), or Article 63-6, paragraph (4), having transferred all or part of the mutual aid activities, transferred the property pertaining to the mutual aid activities, or carried out a merger of the cooperative
- (xxiii) When having failed to give public notice under the provisions of Article 56-2, paragraph (2) (including the case where it is applied mutatis mutandis pursuant to Article 57-2-2, paragraph (5), Article 63-4, paragraph (4), Article 63-5, paragraph (6), or Article 63-6, paragraph (4)), the provisions of Article 499, paragraph (1) of the Companies Act as applied mutatis mutandis pursuant to Article 69, paragraph (1), or the provisions of Article 79, paragraph (1) of the Civil Code or Article 81, paragraph (1) of the same Act as applied mutatis

- mutandis pursuant to Article 82-18, paragraph (1), or having given false public notice
- (xxiv) When having violated the provisions of Article 57-5
  - (xxv) When having violated the provisions of Article 58, paragraphs (1) to (4) or Article 59
  - (xxvi) When, in violation of the provisions of Article 61, having acquired equity interest held by a member or received such equity interest as a pledge
  - (xxvii) When, in violation of the provisions of Article 484, paragraph (1) of the Companies Act as applied mutatis mutandis pursuant to Article 69, paragraph (1) or the provisions of Article 81, paragraph (1) of the Civil Code as applied mutatis mutandis pursuant to Article 82-18, paragraph (1), having failed to file a petition for the commencement of bankruptcy proceedings
  - (xxviii) When having unreasonably specified the period set forth in article 499, paragraph (1) of the Companies Act as applied mutatis mutandis pursuant to Article 69, paragraph (1) for the purpose of delaying the completion of liquidation
  - (xxix) When having performed obligations in violation of the provisions of Article 500, paragraph (1) of the Companies Act as applied mutatis mutandis pursuant to Article 69, paragraph (1)
  - (xxx) When having distributed the property of the cooperative or the FSBA in violation of the provisions of Article 502 of the Companies Act as applied mutatis mutandis pursuant to Article 69, paragraph (1) or the provisions of Article 82-16
  - (xxxix) When, in violation of the provisions of Article 105-2, paragraph (1), having failed to submit documents or having submitted false documents
  - (xxxix) When having failed to make a report under the provisions of Article 105-3, paragraph (1) or having made a false report
- (2) The provisions of the preceding paragraph shall also apply when a person prescribed in Article 976 of the Companies Act has obstructed an investigation under the provisions of Article 381, paragraph (3) of the same Act as applied mutatis mutandis pursuant to Article 36-3, paragraph (3) or the provisions of Article 389, paragraph (5) of the same Act as applied mutatis mutandis pursuant to Article 36-3, paragraph (5).

#### Article 115-2

A person who has violated the provisions of Article 8, paragraph (1) of the Companies Act as applied mutatis mutandis pursuant to Article 6, paragraph (3) shall be punished by a non-penal fine of not more than one hundred thousand yen.

#### Article 115-3

A person who has violated the provisions of Article 72, paragraph (2) shall be punished by a non-penal fine of not more than one hundred thousand yen.

#### Article 116

- (1) When a witness or an expert witness who has sworn an oath pursuant to the provisions of Article 154 or Article 166 of the Code of Criminal Procedure (Act No. 131 of 1948) as applied mutatis mutandis by changing the terms pursuant to Article 62 of the Antimonopoly Act as applied mutatis mutandis pursuant to Article 108 has given a false statement or expert opinion, he/she shall be punished by imprisonment with work for not less than three months and not more than ten years.
- (2) When a person who has committed the offense set forth in the preceding paragraph has confessed before the termination of the trial procedure and before the offense has been detected, he/she may be made subject to reduced punishment or be exempted from punishment.

#### Article 117

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, in violation of a disposition against a person concerned in a case or a witness under the provisions of Article 47, paragraph (1) or paragraph (2) or Article 56, paragraph (1) of the Antimonopoly Act as applied mutatis mutandis pursuant to Article 108, has failed to appear, failed to make a statement or made a false statement, or failed to make a report or made a false report
- (ii) A person who, in violation of a disposition against an expert witness under the provisions of Article 47, paragraph (1), item (ii) or paragraph (2) or Article 56, paragraph (1) of the Antimonopoly Act as applied mutatis mutandis pursuant to Article 108, has failed to appear, failed to give an expert opinion, or given a false expert opinion
- (iii) A person who, in violation of a disposition against a person holding a material under the provisions of Article 47, paragraph (1), item (iii) or paragraph (2) or Article 56, paragraph (1) of the Antimonopoly Act as applied mutatis mutandis pursuant to Article 108, has failed to submit the material
- (iv) A person who has refused, obstructed, or avoided an inspection under the provisions of Article 47, paragraph (1), item (iv) or paragraph (2) or Article 56, paragraph (1) of the Antimonopoly Act as applied mutatis mutandis pursuant to Article 108

#### Article 118

A person who falls under either of the following items shall be punished by a fine of not more than two hundred thousand yen:



- (i) A person who, in violation of a disposition under the provisions of Article 40 of the Antimonopoly Act as applied mutatis mutandis pursuant to Article 108, has failed to appear, failed to submit a report, information or material, or submitted a false report, information or material
- (ii) A person who, in violation of an order against a witness or an expert witness under the provisions of Article 154 or Article 166 of the Code of Civil Procedure as applied mutatis mutandis by replacing the terms pursuant to Article 62 of the Antimonopoly Act as applied mutatis mutandis pursuant to Article 108, has failed to swear an oath

#### Supplementary Provisions

The effective date of this Act shall be the day on which one month has elapsed from the day of promulgation; provided, however, that the provisions concerning federations of cooperatives in this Act shall come into effect as from the day on which eight months have elapsed from the enforcement of this Act.

#### Supplementary Provisions (Act No. 57 of March 31, 1950)

This Act shall come into effect as from the day of promulgation.

#### Supplementary Provisions (Act No. 138 of April 6, 1951) (Extract)

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

This Act shall come into effect as from the day of enforcement of the Act for Partial Revision of the Commercial Code (Act No. 67 of 1950) (July 1, 1951); provided, however, that the provisions revising Article 11, paragraph (4) shall come into effect as from the day of promulgation.

##### (2) (Definitions)

As used in these Supplementary Provisions, the term "New Commercial Code" means the Commercial Code after the revision by the Act for Partial Revision of the Commercial Code, the term "Old Commercial Code" means the former Commercial Code, the term "New Act" means the Small and Medium-Sized Enterprise Cooperatives Act prior to the revision by this Act, and the term "Old Act" means the former Small and Medium-Sized Enterprise Cooperatives Act.

##### (3) (Principles)

The New Act shall apply to matters that have occurred prior to the enforcement of this Act, except as otherwise provided; provided, however, that this shall not preclude the effects that have already come into force pursuant to the Old Act.

(4) Any provisions of articles of association, constitutions or contracts that conflict with the New Act shall lose their effect as from the day of enforcement of this Act.

##### (5) (Order of Dissolution)

With regard to a case specified in Article 58, paragraph (2) or paragraph (3) of the Old Commercial Code as applied mutatis mutandis pursuant to Article 110 of the Old

Act or a case specified in any of these provisions which is associated with said case, for which a court has received an request or started proceedings prior to the enforcement of this Act, the provisions then in force shall remain applicable after the enforcement of this Act. The same shall apply with regard to the liability of a person whose request for such case has been dismissed.

(6) (Security to be Furnished at the Time of Filing an Action, etc.)

The provisions of Article 249 of the Old Commercial Code (including the case where it is applied mutatis mutandis pursuant to Article 252 or Article 253 of the Old Commercial Code) as applied mutatis mutandis to Article 27 or Article 54 of the Old Act, the provisions of Article 380 of the Old Commercial Code as applied mutatis mutandis pursuant to Article 57, paragraph (3) of the Old Act, the provisions of Article 1106 of the Old Commercial Act as applied mutatis mutandis pursuant to Article 66 of the old Act, or the provisions of Article 59 of the Old Commercial Code as applied mutatis mutandis pursuant to Article 110 of the Old Act, concerning the security to be furnished at the time of filing an request for an order of dissolution or filing an action, shall apply mutatis mutandis only to security furnished prior to the enforcement of this Act.

(7) (Certification of the Articles of Association)

The articles of association, owned by a cooperative that has received the certification of the articles of formation under the provisions of Article 167 of the Commercial Code as applied mutatis mutandis pursuant to Article 33, paragraph (3) of the Old Act at the time of the enforcement of this Act, shall be deemed to have been certified under Article 27-2, paragraph (1) and Article 51, paragraph (2) of the New Act.

(12) (Convocation of the General Meeting)

In the case where a request under the provisions of Article 47, paragraph (2) of the Old Act has been made or the auditor has carried out the procedure for convening the general meeting prior to the enforcement of this Act, the provisions then in force shall remain applicable for said general meeting after the enforcement of this Act.

(13) (Action for Rescission of a Resolution)

If the period specified in Article 248, paragraph (1) of the Old Commercial Code as applied mutatis mutandis to Article 27, paragraph (6) or Article 54 of the Old Act has yet to lapse regarding an action for rescission of a resolution at the time of the enforcement of this Act, the provisions of Article 248, paragraph (1) of the New Commercial Code shall apply mutatis mutandis to the period for filing said action for rescission of a resolution.

(14) (Representative Director)

The director having the authority to represent a cooperative pursuant to the provisions of Article 261, paragraph (1) or paragraph (2) of the Old Commercial Code as applied mutatis mutandis pursuant to Article 42 of the Old Act shall be deemed to

be the director to represent the cooperative pursuant to the provisions of Article 261, paragraph (1) of the New Commercial Code as applied mutatis mutandis pursuant to Article 42 of the New Act.

(15) In the case where it has been decided that two or more directors shall jointly represent a cooperative pursuant to the provisions of Article 261, paragraph (2) of the Old Commercial Code as applied mutatis mutandis pursuant to Article 42 of the Old Act, said decision shall be deemed to have been made pursuant to the provisions of Article 261, paragraph (2) of the New Commercial Code as applied mutatis mutandis pursuant to Article 42 of the New Act.

(16) In the case where the director to represent a cooperative has not been decided at the time of the enforcement of this Act, the registration of directors under Article 83, paragraph (2), item (vii) of the Old Act shall have the same effect as the registration under Article 83, paragraph (2), item (viii) of the New Act until such registration has been completed.

(17) (Liability for the Acts of Directors)

With regard to the liability for the acts committed by directors prior to the enforcement of this Act, the provisions then in force shall remain applicable after the enforcement of this Act.

(18) In the case of exempting a director from his/her liability under the preceding paragraph after the enforcement of this Act, the provisions of the New Commercial Code shall apply mutatis mutandis to said immunity, notwithstanding the provisions of the same paragraph.

(19) In the case of filing an action for pursuing the liability under paragraph (17) of the Supplementary Provisions after the enforcement of this Act, the provisions of the preceding paragraph shall apply to said action.

(20) (Filing of Actions against Directors)

In the case where an action against a director has been filed pursuant to the provisions of Article 267, paragraph (1) of the Old Commercial Code as applied mutatis mutandis pursuant to Article 42 of the Old Act prior to the enforcement of this Act, the provisions then in force shall remain applicable to said action after the enforcement of this Act.

(21) (Person to Represent a Cooperative in an Action Between the Cooperative and Its Director)

In the case where a cooperative has filed an action against its director or a director has filed an action against the cooperative prior to the enforcement of this Act, the provisions of Article 38 of the Old Act shall apply to the person to represent the cooperative in said action after the enforcement of this Act; provided, however, that this shall not apply after the person to represent the cooperative has been decided pursuant to the provisions of Article 261-2 of the New Commercial Code as applied mutatis mutandis pursuant to Article 42 of the New Act.

(22) (Filing of an Action by an Auditor, etc.)

In the case where an auditor has filed an action with a court prior to the enforcement of this Act, the provisions then in force shall remain applicable to said action.

(23) (Provisions Applied Mutatis Mutandis Concerning Auditors)

The provisions of paragraphs (17) to (20) of the Supplementary Provisions shall apply mutatis mutandis to auditors.

(24) (Provisions Applied Mutatis Mutandis Concerning Liquidators)

The provisions of paragraph (12) and paragraphs (14) to (21) of the Supplementary Provisions shall apply mutatis mutandis to liquidators.

(25) (Penal Provisions)

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

Supplementary Provisions (Act No. 213 of June 8, 1951) (Extract)

(1) This Act shall come into effect as from July 1, 1951.

Supplementary Provisions (Act No. 239 of June 15, 1951)

This Act shall come into effect as from the day of enforcement of the Shinkin Bank Act.

Supplementary Provisions (Act No. 100 of April 28, 1952) (Extract)

(1) (Effective Date)

This Act shall come into effect as from May 1, 1952; provided, however, that the provisions revising Article 6, paragraph (1), item (i), Article 77, paragraph (3), and Article 107 shall come into effect as from the day of promulgation.

(2) (Articles of Association)

Articles of association for which public notice has been given prior to the enforcement of this Act pursuant to the provisions of Article 27, paragraph (1) prior to the revision shall be deemed to have been prepared and publicly notified by the founders pursuant to the provisions of Article 27, paragraph (1) after the revision.

(3) (Security to be Furnished at the Time of Filing an Action, etc.)

With regard to an action or an request filed prior to the enforcement of this Act based on the provisions of Article 274 of the Commercial Code as applied mutatis mutandis pursuant to Article 27, paragraph (6) or Article 54 prior to the revision, the provisions of Article 104 of the Commercial Code as applied mutatis mutandis pursuant to Article 66 prior to the revision, or the provisions of Article 58 of the Commercial Code as applied mutatis mutandis pursuant to Article 110 prior to the revision, the provisions then in force shall remain applicable after the enforcement of this Act.

(5) (Penal Provisions)

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

Supplementary Provisions (Act No. 127 of May 27, 1954) (Extract)

(1) This Act shall come into effect as from June 1, 1954.

(4) With regard to a case for which the oral argument of the second instance or the first instance at a high court has been concluded, a case for which the oral argument of the second instance at a district court has been concluded, or a case for which an agreement has been made on not appealing to a high court against a judgment by a summary court or a judgment of the first instance by a district court, while reserving the right to appeal to the Supreme Court, prior to the enforcement of this Act, the provisions then in force shall remain applicable, notwithstanding the provisions of Article 393, paragraph (3), Article 394, Articles 397 to 399-3 and Article 409-2, paragraph (2) of the New Act and the provisions revising Article 88 of the Act on Prohibition of Private Monopolization and Maintenance of Fair Trade and Article 108 of the Small and Medium-Sized Enterprise Cooperatives Act.

Supplementary Provisions (Act No. 121 of August 2, 1955) (Extract)

Article 1 (Effective Date)

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

Article 2 (Definitions)

As used in these Supplementary Provisions, the term "New Act" means the Small and Medium-Sized Enterprise Cooperatives Act prior to the revision by this Act, and the term "Old Act" means the former Small and Medium-Sized Enterprise Cooperatives Act.

Article 3 (Effects of Dispositions, etc.)

A disposition, procedure, or any other act issued or carried out pursuant to the provisions the Old Act shall be deemed to have been issued or carried out pursuant to the provisions of the New Act if the corresponding provisions exist in the New Act.

Article 4 (Certification of the Articles of Association)

When the founders received the certification for the articles of formation under the provisions of Article 27-2, paragraph (1) of the Old Act at the time of the formation of the cooperative, prior to the enforcement of this Act, with regard to the application of the provisions of Article 150-2 of the Non-Contentious Cases Procedure Act (Act No. 14 of 1898) as applied mutatis mutandis pursuant to Article 103 of the New Act regarding registration of the formation of said cooperative, the provisions of Article 27-2, paragraph (1) of the Old Act shall remain in force.

Article 5 (Certification of a Change to the Articles of Association)

When a cooperative has received the certification under the provisions of Article

51, paragraph (2) of the Old Act for a change to the articles of association regarding the matters for which the certification under the provisions of Articles 84 to 86 of the New Act is required, with regard to the application of the provisions of Article 150-2 of the Non-Contentious Cases Procedure Act as applied mutatis mutandis pursuant to Article 103 of the New Act to the registration under the provisions of Articles 84 to 86 of the New Act concerning these matters pertaining to said change of the articles of association, the provisions of Article 51, paragraph (2) of the Old Act shall remain in force.

Article 6 (Approval of a Merger)

With regard to the merger of a cooperative (excluding a credit cooperative and a credit cooperative engaged in the activities set forth in Article 9-9, paragraph (1), item (i) of the New Act) carried out based on a resolution of the general meeting prior to the enforcement of this Act, the provisions of Article 63, paragraph (3) of the New Act shall not apply.

Article 10 (Order of Dissolution by a Judicial Decision)

With regard to a case specified in Article 58, paragraph (1), item (i) or item (iii) or paragraph (2) of the Commercial Code as applied mutatis mutandis pursuant to Article 110 of the Old Act or a case specified in the same paragraph which is associated with said case, for which a court has received an request prior to the enforcement of this Act, the provisions then in force shall remain applicable after the enforcement of this Act. The same shall apply with regard to the liability of a person whose request for such case has been dismissed.

Article 24 (Penal Provisions)

With regard to the application of penal provisions to an act committed prior to the enforcement of this Act, the provisions then in force shall remain applicable. The same shall apply with regard to the application of penal provisions to an act committed while the provisions of Article 2 of the Act on Financial Businesses by Cooperatives prior to the revision by this Act remain effective pursuant to the provisions of Article 17, paragraph (3) of the Supplementary Provisions.

Supplementary Provisions (Act No. 121 of June 1, 1956) (Extract)

Article 1 (Effective Date)

This Act shall come into effect as from the day on which six months have elapsed from the day of promulgation.

Supplementary Provisions (Act No. 185 of November 25, 1957) (Extract)

Article 1 (Effective Date)

This Act (hereinafter referred to as "New 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. 186 of November 25, 1957) (Extract)

Article 1 (Effective Date)

This Act shall come into effect as from the day of enforcement of the Act on the Organization of Associations of Small and Medium-Sized Enterprises (Act No. 185 of 1957).

Article 2 (Exception to Restriction on the Amount of Mutual Aid Money)

The provisions of Article 9-2, paragraph (2) of the Small and Medium-Sized Enterprise Cooperatives Act (including the case where it is applied mutatis mutandis pursuant to Article 9-9, paragraph (4) of the same Act) after the revision by the provisions of this Act (hereinafter referred to as "New Act") shall not apply to a business cooperative or a federation of cooperatives which is already engaged in the fire mutual aid activities prescribed in Article 9-2, paragraph (1), item (iii) of the Small and Medium-Sized Enterprise Cooperatives Act or Article 9-9, paragraph (1), item (iv) of the same Act at the time of the enforcement of this Act.

Supplementary Provisions (Act no. 140 of May 16, 1962) (Extract)

- (1) This Act shall come into effect as from October 1, 1962.
- (2) The provisions after the revision by this Act shall also apply to matters that have occurred prior to the enforcement of this Act, except as otherwise provided for by these Supplementary Provisions; provided, however, that this shall not preclude the effects that have already come into force pursuant to the provisions prior to the revision by this Act.
- (3) With regard to a lawsuit which is already pending at the time of the enforcement of this Act, the provisions then in force shall remain applicable, notwithstanding the provisions after the revision by this Act stipulating that said lawsuit may not be filed.
- (4) With regard to the jurisdiction of a lawsuit which is already pending at the time of the enforcement of this Act, the provisions then in force shall remain applicable, notwithstanding the provisions after the revision by this Act stipulating that said jurisdiction shall be an exclusive jurisdiction.
- (5) With regard to the statute of limitations for filing an action concerning a disposition or a determination for which the statute of limitations under the provisions prior to the revision by this Act is already running at the time of the enforcement of this Act, the provisions then in force shall remain applicable; provided, however, that this shall be limited to the case where the statute of limitations under the provisions after the revision by this Act is shorter than the statute of limitations under the provisions after the revision by this Act.
- (6) With regard to an adversary lawsuit concerning a disposition or determination issued prior to the enforcement of this Act for which the statute of limitations has

been decided by the revision by this Act, the statute of limitations shall be counted from the day of enforcement of this Act.

- (7) With regard to an action for rescission of a disposition or determination which is already pending at the time of the enforcement of this Act, the provisions then in force shall remain applicable, notwithstanding the provisions after the revision by this Act stipulating that either of the parties in the relevant legal relationship shall be the defendant; provided, however, that it shall be permissible to change said lawsuit to an adversary lawsuit by a ruling, on a motion by the plaintiff.
- (8) In the case set forth in the proviso to the preceding paragraph, the provisions of the second sentence of Article 18 and Article 21, paragraphs (2) to (5) of the Administrative Litigation Act shall apply *mutatis mutandis*.

#### Supplementary Provisions (Act No. 141 of May 17, 1962) (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.

#### Supplementary Provisions (Act No. 161 of September 15, 1962) (Extract)

- (1) This Act shall come into effect as from October 1, 1962.
- (2) The provision after the revision by this Act shall also apply to a disposition that has been given by an administrative agency prior to the enforcement of this Act, an inaction by an administrative agency pertaining to an application filed prior to the enforcement of this Act, and any other matters that have occurred prior to the enforcement of this Act, except as otherwise provided for by these Supplementary Provisions; provided, however, that this shall not preclude the effects that have already come into force pursuant to the Old Act.
- (3) With regard to a petition, a request for an examination, an objection, or any other appeal (hereinafter referred to as "petition, etc.") filed prior to the enforcement of this Act, the provisions then in force shall remain applicable after the enforcement of this Act. The same shall apply to a petition, etc. filed in the case where the party is dissatisfied with the determination, ruling or any other disposition (hereinafter referred to as "determination, etc.") for a petition, etc. issued prior to the enforcement of this Act or with a determination, etc. issued after the enforcement of this Act for a petition, etc. filed prior to the enforcement of this Act.
- (4) A petition, etc. prescribed in the preceding paragraph, which pertains to a disposition for which an appeal under the Administrative Appeal Act shall be permitted after the enforcement of this Act, shall be deemed to be an appeal under the Administrative Appeal Act with regard to the application of Acts other than this Act.
- (5) An appeal under the Administrative Appeal Act may not be filed against a



determination, etc. issued, after the enforcement of this Act, for a request for examination, an objection or any other appeal pursuant to the provisions of paragraph (3).

(6) With regard to a disposition by an administrative agency issued prior to the enforcement of this Act for which a petition, etc. may be filed pursuant to the provisions prior to the revision by this Act and for which the statute of limitations had not been stipulated, the period in which an appeal under the Administrative Appeal Act may be filed shall be counted from the day of enforcement of this Act.

(8) With regard to the application of penal provisions to an act committed prior to the enforcement of this Act, the provisions then in force shall remain applicable.

(9) In addition to what is provided for in the preceding eight paragraphs, necessary transitional measures concerning the enforcement of this Act shall be specified by a Cabinet Order.

#### Supplementary Provisions (Act No. 126 of July 9, 1963) (Extract)

This Act shall come into effect as from the day of enforcement of the Commercial Registration Act (April 1, 1964).

#### Supplementary Provisions (Act No. 155 of July 20, 1963) (Extract)

(1) This Act shall come into effect as from the day of enforcement of the Basic Act for Small and Medium-Sized Enterprises (Act No. 154 of 1963).

#### Supplementary Provisions (Act No. 36 of March 31, 1965) (Extract)

##### Article 1 (Effective Date)

This Act shall come into effect as from April 1, 1965.

##### Article 5 (Principles of the Progress Provisions for Partial Revision of Any Other Laws and Regulations)

The provisions of laws and regulations after the revision by the provisions of Chapter II shall, except as otherwise provided, apply to the income tax for 1965 onward or corporation tax of a juridical person prescribed in any of the provisions of these laws and regulations for the business year ending on or after the enforcement date, and with regard to the income tax for up to 1964 or corporation tax of said juridical person for a business year ending prior to said date, the provisions then in force shall remain applicable.

##### Article 15 (Delegation to a Cabinet Order)

In addition to what is provided for in Article 1 of the Supplementary Provisions to the preceding Article, necessary transitional measures concerning the enforcement of this Act shall be specified by a Cabinet Order.

#### Supplementary Provisions (Act No. 98 of July 29, 1967) (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.

Supplementary Provisions (Act No. 85 of June 1, 1968) (Extract)

(1) (Effective Date)

This Act shall come into effect as from the day of promulgation.

Supplementary Provisions (Act No. 42 of July 2, 1973)

(1) This Act shall come into effect as from the day of promulgation.

(2) With regard to the application of penal provisions to an act committed prior to the enforcement of this Act, the provisions then in force shall remain applicable.

Supplementary Provisions (Act No. 115 of October 15, 1973) (Extract)

(1) (Effective Date)

This Act shall come into effect as from the day of promulgation.

(4) (Transitional Measure)

With regard to the application of penal provisions of the Small and Medium-Sized Enterprise Cooperatives Act to an act committed prior to the enforcement of this Act, the provisions then in force shall remain applicable.

Supplementary Provisions (Act No. 23 of April 2, 1974) (Extract)

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. 63 of June 3, 1977) (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. 74 of June 25, 1977) (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

Supplementary Provisions (Act No. 79 of June 9, 1980) (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; provided, however, that from Article 1, the provisions revising Article 9-2, paragraph (2),

Article 9-7-2, paragraph (1), item (i) and paragraph (2), Article 9-7-3, Article 9-7-4, paragraph (1), and Article 59, paragraph (2) of the Small and Medium-Sized Enterprise Cooperatives Act, from Article 6, the provisions revising Article 13, paragraph (2) of the Shopping District Promotion Cooperatives Act, and the provisions of the following Article and Article 3 of the Supplementary Provisions 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 2 (Exception to Restriction on the Amount of Mutual Aid Money)

With regard to a business cooperative or a federation of cooperatives for which the provisions of Article 9-2, paragraph (2) of the Small and Medium-Sized Enterprise Cooperatives Act (including the case where it is applied mutatis mutandis pursuant to Article 9-9, paragraph (4) of the same Act) after the revision by the Act for Partial Revision of the Small and Medium-Sized Enterprise Cooperatives Act (Act No. 186 of 1957) shall not apply pursuant to the provisions of Article 2 of the Supplementary Provisions of the same Act, and which is already engaged in the fire mutual aid activities set forth in Article 9-7-2, paragraph (1), item (i) of the Small and Medium-Sized Enterprise Cooperatives Act after the revision by the provisions of Article 1 (hereinafter referred to as "New Cooperatives Act") on the date specified by the proviso to the preceding Article, the provisions then in force shall remain applicable, notwithstanding the provisions of Article 9-2, paragraph (2) of the New Cooperatives Act (including the case where it is applied mutatis mutandis pursuant to Article 9-9, paragraph (4) of the New Cooperatives Act).

Article 4 (Transitional Measures Concerning Penal Provisions)

With regard to the application of penal provisions to an act committed prior to the enforcement of this Act (with regard to the revising provisions prescribed in the proviso to Article 1 of the Supplementary Provisions, said revising provisions), the provisions then in force shall remain applicable.

Supplementary Provisions (Act No. 60 of June 1, 1981) (Extract)

Article 1 (Effective Date)

This Act shall come into effect as from the day of promulgation.

Article 2 (Transitional Measures Concerning Loans to Non-Members Provided by a Federation of Cooperatives Accepting Deposits, etc.)

The provisions of Article 9-8, paragraph (4) of the Small and Medium-Sized Enterprise Cooperatives Act after the revision by the provisions of Article 2 (hereinafter referred to as "Cooperatives Act after the revision" in this Article and the following Article) as applied mutatis mutandis pursuant to Article 9-9, paragraph (5) of the Cooperatives Act after the revision and the provisions of Article 3, item (ii) (limited to the portions pertaining to the activities set forth in Article 9-8, paragraph (2), item (x) of the Cooperatives Act after the revision as applied mutatis mutandis

pursuant to Article 9-9, paragraph (5) of the Cooperatives Act after the revision) of the Act on Financial Businesses by Cooperatives after the revision by the provisions of Article 4 (referred to as the "Cooperative Financial Business Act after the revision" in the following Article) shall apply to a loan of funds (including discounting of bills; hereinafter the same shall apply in this Article) to non-partner provided, on or after the day of enforcement of this Act (hereinafter referred to as "enforcement date"), by a federation of cooperatives engaged in the activities set forth in Article 9-9, paragraph (1), item (i) of the Cooperatives Act after the revision, and with regard to loans prescribed in Article 4, item (i) of the Act on Financial Businesses by Cooperatives prior to the revision by the provisions of Article 4 (referred to as the "Cooperative Financial Business Act prior to the revision" in the following Article), a loan of funds secured on deposits from the State, local public entities and other not-for-profit juridical persons, and a loan of funds to partner of member credit cooperatives, provided by said federation of cooperatives prior to the enforcement date, the provisions then in force shall remain applicable.

Article 3 (Transitional Measures Concerning Approval for Domestic Exchange Transactions of a Credit Cooperative, etc.)

Approval granted prior to the enforcement date by an administrative agency pursuant to the provisions of Article 3 of the Cooperative Financial Business Act prior to the revision (limited to approval pertaining to the activities set forth in Article 9-8, paragraph (2), item (i) of the Small and Medium-Sized Enterprise Cooperatives Act [including the case where it is applied mutatis mutandis pursuant to Article 9-9, paragraph (5) of the same Act] prior to the revision by the provisions of Article 3) shall be deemed to be approval granted on the enforcement date by the administrative agency pursuant to the provisions of Article 3, item (i) of the Cooperative Financial Business Act after the revision.

Article 5 (Transitional Measures Concerning Penal Provisions)

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

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

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

Supplementary Provisions (Act No. 31 of May 16, 1984) (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 2 (Transitional Measures)

With regard to officers of member juridical persons of a fire mutual aid cooperative

or employees of partner of a fire mutual aid cooperative who are already under a fire mutual aid contract based on the Small and Medium-Sized Enterprise Cooperatives Act at the time of the enforcement of this Act, they shall be deemed to be partner during the period of said fire mutual aid contract, and the provisions of Article 9-7-2, paragraph (2) of the same Act after the revision shall apply thereto.

#### Article 3

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

#### 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. 81 of June 11, 1988) (Extract)

##### Article 1 (Effective Date)

This Act shall come into effect as from the day on which twenty days have elapsed from the day of promulgation; provided, however, that the provisions listed in the following items shall come into effect as from the dates respectively specified in those items:

- (i) From the provisions of Article 1 adding an additional Chapter after Chapter IV of the Real Estate Registration Act, the portions pertaining to the provisions of Article 1511-3, paragraphs (2) to (4), Article 151-5, and Article 151-7; from the provisions of Article 2 revising the Table of Contents of the Commercial Registration Act and those adding an additional Chapter after Chapter III of the same Act, the portions pertaining to Article 113-2, Article 113-3, Article 113-4, paragraph (1), paragraph (4), and paragraph (5), and Article 113-5; and the provisions of Articles 8 to 9 of the Supplementary Provisions-The date specified by a Cabinet Order within a period not exceeding one year from the day of promulgation

#### Supplementary Provisions (Act No. 91 of December 22, 1989) (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 two years from the day of promulgation.

#### Supplementary Provisions (Act No. 65 of June 29, 1990) (Extract)

This Act shall come into effect as from the day of enforcement of the Act for Partial Provisions of the Commercial Code, etc.

#### Article 42 (Transitional Measures on Application of Penal Provisions)

With regard to the application of penal provisions to an act committed prior to the enforcement of this Act or an Act committed after the enforcement of this Act in the case where the provisions then in force shall remain applicable pursuant to the provisions of Article 3 (including the case where it is applied mutatis mutandis pursuant to Article 10) and the provisions of Article 12 of the Supplementary Provisions of the Act for Partial Revision of the Commercial Code, etc., the provisions then in force shall remain applicable.

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

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

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

Supplementary Provisions (Act No. 89 of November 12, 1993) (Extract)

Article 1 (Effective Date)

This Act shall come into effect as from the day of enforcement of the Administrative Procedure Act (Act No. 88 of 1993).

Article 2 (Transitional Measures Concerning an Adverse Disposition for which Consultation, etc. Has Been Requested)

In the case where a request for consultation or any other request has been made based on a law or regulation prior to the enforcement of this Act to a council or any other consultative organ to carry out a procedure equivalent to the procedure for the hearing or the grant of an opportunity for an explanation or any other procedure for hearing statements of opinion prescribed in Article 13 of the Administrative Procedure Act, with regard to the procedure of an adverse disposition to which said request for consultation or any other respect pertains, the provisions then in force shall remain applicable, notwithstanding the provisions of the relevant Act after the revision by this Act.

Article 13 (Transitional Measures Concerning Penal Provisions)

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

Article 14 (Transitional Measures Concerning Coordination of the Provisions on Hearing)

Hearings (excluding those concerning adverse dispositions) carried out pursuant to the provisions of an Act prior to the enforcement of this Act or procedures therefor shall be deemed to have been carried out pursuant to the corresponding provisions of

the relevant Act after the revision by this Act.

Article 15 (Delegation to a Cabinet Order)

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

Supplementary Provisions (Act No. 97 of November 11, 1994) (Extract)

Article 1 (Effective Date)

This Act shall come into effect as from the day of promulgation.

Article 20 (Transitional Measures Concerning Penal Provisions)

With regard to the application of penal provisions to an act committed prior to the enforcement of this Act (with regard to the provisions listed in the items of Article 1 of the Supplementary Provisions, prior to the enforcement of said provisions) or an act committed after the enforcement of the provisions of Article 1, Article 4, Article 8, Article 9, Article 13, Article 27, Article 28 and Article 30 in the case where the provisions then in force shall remain applicable pursuant to the provisions of Article 2, Article 4, Article 7, paragraph (2), Article 8, Article 111, Article 12, paragraph (2), Article 13, and Article 15, paragraph (4) of the Supplementary Provisions, the provisions then in force shall remain applicable.

Article 21 (Delegation to a Cabinet Order)

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

Supplementary Provisions (Act No. 106 of June 7, 1995) (Extract)

Article 1 (Effective Date)

This Act shall come into effect as from the day of enforcement of the Insurance Business Act (Act No. 105 of 1995).

Article 3 (Transitional Measures for Partial Revision of the Small and Medium-Sized Enterprise Cooperatives Act)

(1) Any of the acts prescribed in the items of Article 20, paragraph (1) of the Insurance Solicitation Control Act (Act No. 171 of 1948; hereinafter referred to as the "Old Solicitation Control Act" in this Article) prior to being repealed by the provisions of Article 2 of the Supplementary Provisions of the Insurance Business Act as applied mutatis mutandis pursuant to Article 9-7-5, paragraph (2) of the Small and Medium-Sized Enterprise Cooperatives Act prior to the revisions by the provisions of Article 5 (hereinafter referred to as the "Old Cooperatives Act" in this Article), which has been committed prior to the enforcement date by a member soliciting fire mutual aid contracts shall be deemed to be an act prescribed in

Article 307, paragraph (1), item (iii) of the Insurance Business Act as applied mutatis mutandis pursuant to Article 9-7-5, paragraph (2) of the Small and Medium-Sized Enterprise Cooperatives Act after the revision by the provisions of Article 5 (hereinafter referred to as the "New Cooperatives Act" in this Article), and the provisions of Article 307, paragraph (1) of the Insurance Business Act shall apply thereto.

- (2) The provisions of Article 283 of the Insurance Business Act as applied mutatis mutandis to Article 9-7-5, paragraph (2) of the New Cooperatives Act shall apply to compensation for damages caused on or after the enforcement date to a mutual aid contractor with regard to the solicitation of a fire mutual aid contract by an officer or employee of a fire mutual aid cooperative, a member of said fire mutual aid cooperative, or an officer or employee of such member, and with regard to compensation for damages caused prior to the enforcement date to a mutual aid contractor with regard to the solicitation of a fire mutual aid contract by an officer or employee of a fire mutual aid cooperative or a member of said fire mutual aid cooperative, the provisions then in force shall remain applicable.
- (3) An act prescribed in Article 12, paragraph (1) of the Old Insurance Business Act as applied mutatis mutandis pursuant to Article 106-3 of the Old Cooperatives Act, which has been committed by a fire mutual aid cooperative or a federation of cooperatives engaged in the activities set forth in Article 9-9, paragraph (1), item (iii) of the New Cooperatives Act prior to the enforcement date, shall be deemed to be an act prescribed in Article 133, item (i) or item (iii) of the Insurance Business Act as applied mutatis mutandis pursuant to Article 106-3 of the New Cooperatives Act, and the provisions of Article 133 of the Insurance Business Act shall apply thereto.
- (4) In the case where a notice or public notice under the provisions of Article 12, paragraph (3) of the Old Insurance Business Act as applied mutatis mutandis pursuant to Article 106-3 of the Old Cooperatives Act pertaining to a disposition under the provisions of Article 12, paragraph (1) of the Old Insurance Business Act as applied mutatis mutandis pursuant to Article 106-3 of the Old Cooperatives Act has been given prior to the enforcement date, a disposition under the provisions of Article 133 of the Insurance Business Act as applied mutatis mutandis pursuant to Article 106-3 of the New Cooperatives Act, which is equivalent to said disposition, may be issued by continuing with the procedure pursuant to the provisions of Article 12, paragraph (2) and paragraph (4) of the Old Insurance Business Act as applied mutatis mutandis pursuant to Article 106-3 of the Old Cooperatives Act on or after the enforcement date.
- (5) A disposition that has been issued, prior to the enforcement date, pursuant to the provisions of the Old Insurance Business Act or the Old Solicitation Control Act as applied mutatis mutandis pursuant to the Old Cooperatives Act and for which



corresponding provisions exist in the Insurance Business Act as applied mutatis mutandis pursuant to the New Cooperatives Act shall be deemed to be a disposition that has been issued pursuant to the corresponding provisions of the Insurance Business Act as applied mutatis mutandis pursuant to the New Cooperatives Act, except as otherwise provided for by these Supplementary Provisions.

Article 6 (Transitional Measures Concerning Application of Penal Provisions)

With regard to the application of penal provisions to an act committed prior to the enforcement date or an act committed on or after the enforcement date pertaining to a matter for 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 7 (Delegation to a Cabinet Order)

In addition to what is provided for in the preceding eight paragraphs, necessary transitional measures concerning the enforcement of this Act shall be specified by a Cabinet Order.

Supplementary Provisions (Act No. 137 of December 20, 1995) (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. 94 of June 21, 1996) (Extract)

Article 1 (Effective Date)

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

Article 5 (Transitional Measures for Partial Revision of the Small and Medium-Sized Enterprise Cooperatives Act)

- (1) With regard to a small and medium-sized enterprise cooperative which already exists at the time of the enforcement of this Act, the provisions of Article 38-2, paragraph (3) of the Small and Medium-Sized Enterprise Cooperatives Act after the revision by Article 6 (hereinafter referred to as the "New Cooperatives Act" in this Article) (including the case where it is applied mutatis mutandis pursuant to Article 42 and Article 69 of the New Cooperatives Act) shall apply to a statement of matters, registration, or public notice made or given on or after the enforcement date, and with regard to a statement of matters, registration, or public notice made or given prior to the enforcement date, the provisions then in force shall remain applicable.
- (2) With regard to a credit cooperative or a federation of cooperatives engaged in the activities set forth in Article 9-9, paragraph (1), item (i) of the Small and Medium-Sized Enterprise Cooperatives Act (hereinafter referred to as a "credit

cooperative, etc."), the provisions of Article 38-2, paragraph (4) of the New Cooperatives Act (including the case where it is applied mutatis mutandis pursuant to Article 69 of the New Cooperatives Act) and Article 40, paragraph (4) of the New Cooperatives Act (including the case where it is applied mutatis mutandis pursuant to Article 69 of the New Cooperatives Act) shall apply to documents pertaining to a business year ending on or after the effective date, and with regard to documents pertaining to a business year that has ended prior to the effective date, the provisions then in force shall remain applicable.

- (3) With regard to the person to represent a credit cooperative, etc. in an action filed by a credit cooperative, etc., which already exists at the time of the enforcement of this Act, against its director or liquidator or an action filed by a director or liquidator against said credit cooperative, etc., the provisions then in force shall remain applicable after the enforcement of this Act until the time of the conclusion of the ordinary general meeting convened for the first time on or after the enforcement date.
- (4) The provisions of Article 57-3 of the New Cooperatives Act shall apply to the transfer or receipt of transfer of business or activities decided on or after the enforcement date, and with regard to a transfer or receipt of transfer of activities decided or carried out prior to the enforcement date, the provisions then in force shall remain applicable.
- (5) The provisions of Article 63 and Article 66 of the New Cooperatives Act shall apply to a merger decided on or after the enforcement date, and with regard to a merger decided prior to the enforcement date, the provisions then in force shall remain applicable.

#### Article 121 (Transitional Measures Concerning Application of Penal Provisions)

With regard to the application of penal provisions to an act committed prior to the enforcement of the respective revising provisions of this Act or an act committed after the enforcement of the respective revising provisions of this Act pertaining to a matter for 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 13 (Delegation of Other Transitional Measures to a Cabinet Order)

In addition to what is provided for in the preceding eight paragraphs, necessary transitional measures concerning the enforcement of this Act shall be specified by a Cabinet Order.

#### Supplementary Provisions (Act No. 95 of June 21, 1996) (Extract)

##### Article 1 (Effective Date)

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

Supplementary Provisions (Act No. 59 of May 23, 1997) (Extract)

Article 1 (Effective Date)

This Act shall come into effect as from April 1, 1998.

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

(1) (Effective Date)

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

(2) (Transitional Measures)

With regard to a merger pertaining to a merger contract concluded prior to the enforcement of this Act, the provisions then in force shall remain applicable after the enforcement of this Act.

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

With regard to the application of penal provisions to an act committed prior to the enforcement of this Act or an Act committed after the enforcement of this Act in the case where the provisions then in force shall remain applicable pursuant to the provisions of the preceding paragraph, the provisions then in force 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 of enforcement of the Act for Establishment of the Financial Supervisory Agency (Act No. 101 of 1997).

Article 2 (Transitional Measures Concerning a Disposition, etc. Issued by the Minister of Finance, etc.)

- (1) A license, permission, approval, recognition, designation, or any other disposition or notice granted or issued or any other act conducted by the Minister of Finance or any other national organ pursuant to the provisions of the Secured Bonds Trust Act, the Trust Business Act, the Norinchukin Bank Act, the Mutual Loan Business Act, the Act for Simplifying the Affairs 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 Cooperative Act, the Securities and Exchange Act, the Act on the Casualty Insurance Rating Organization of Japan, the Fisheries Cooperatives Act, the Small and Medium-Sized Enterprise Cooperatives Act, the Act on Financial Businesses by Cooperatives, the Ship Owners' Mutual Insurance Union Act, the Securities Investment Trust Act, the Shinkin Bank Act, the Long-Term Credit Bank Act, the Loan Trust Act, the Small and Medium Fisheries Loan Guarantee Act, 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 Merger and Conversion of Financial Institutions, 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. of Investment Advisory Business Pertaining to Securities, the Act on Regulation, etc. of Mortgage Corporations, the Financial Futures Trading Act, the Act on Regulation, etc. of Advanced Payment Certificates, the Act on Control for Business Pertaining to Commodity Investment, the Act Concerning 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 Business Pertaining to Specified Claims, etc., the Act on Coordination, etc. of Relevant Acts for the Reform of the Financial System and the Securities and Exchange System, the Act on Preferred Equity Investment by Cooperative Structured Financial Institutions, the Real Estate Specified Joint Enterprise Act, the Insurance Business Act, the Act on Special Provisions, etc. on Financial Institution Reorganization Proceedings, the Act on Mergers, etc. between the Norinchukin Bank and a Federation of Credit Agricultural Cooperatives, the Bank of Japan Act, or the Act on Special Provisions, etc. on the Merger Procedure for Banks, etc. for the Establishment of a Bank Holding Company prior to the revision by this Act (hereinafter referred to as "Old Secured Bonds Trust Act, etc.") shall be deemed to be a license, permission, approval, recognition, designation, or any other disposition or notice granted or issued or any other act conducted by the Prime Minister or any other corresponding national organ based on 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 Simplifying the Affairs 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 Cooperative Act, the Securities and Exchange Act, the Act on the Casualty Insurance Rating Organization of Japan, the Fisheries Cooperatives Act, the Small and Medium-Sized Enterprise Cooperatives Act, the Act on Financial Businesses by Cooperatives, the Ship Owners' Mutual Insurance Union Act, the Securities Investment Trust Act, the Shinkin Bank Act, the Long-Term Credit Bank Act, the Loan Trust Act, the Small and Medium Fisheries Loan Guarantee Act, 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 Merger and Conversion of Financial Institutions, 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. of Investment Advisory Business Pertaining to Securities, the Act on Regulation, etc. of Mortgage Corporations, the Financial Futures Trading Act, the Act on Regulation, etc. of Advanced Payment Certificates, the Act on Control for Business Pertaining to Commodity Investment, the Act Concerning Special Provisions for the Narcotics and Psychotropics Control Act, etc. and Other Matters for the Prevention of Activities Encouraging Illicit Conducts and Other Activities Involving Controlled Substances through International Cooperation, the Act on Regulation of Business Pertaining to Specified Claims, etc., the Act on Coordination, etc. of Relevant Acts for the Reform of the Financial System and the Securities and Exchange System, the Act on Preferred Equity Investment by Cooperative Structured Financial Institutions, the Real Estate Specified Joint Enterprise Act, the Insurance Business Act, the Act on Special Provisions, etc. on Financial Institution Reorganization Proceedings, the Act on Mergers, etc. between the Norinchukin Bank and a Federation of Credit Agricultural Cooperatives, the Bank of Japan Act, or the Act on Special Provisions, etc. on the Merger Procedure for Banks, etc. for the Establishment of a Bank Holding Company after the revision by this Act (hereinafter referred to as "New Secured Bonds Trust Act, etc.").

- (2) An application, a notification, or any other act which has been already filed with, given or directed to the Minister of Finance or any other national organ pursuant to the provisions of the Old Secured Bonds Trust Act, etc. at the time of the enforcement of this Act shall be deemed to be an application, a notification, or any other act which has been filed with or given or directed to the Prime Minister or any other corresponding national organ based on the corresponding provisions of the New Secured Bonds Trust Act, etc.
- (3) With regard to a matter which requires reporting, notification or submission to or any other procedure with the Minister of Finance or any other national organ pursuant to the provisions of the Old Secured Bonds Trust Act, etc. and for which said procedure has not been carried out prior to the day of enforcement of this Act, the provisions of the New Secured Bonds Trust Act, etc., shall apply by deeming that a matter which requires reporting, notification or submission to or any other procedure with the Prime Minister or any other corresponding national organ pursuant to the provisions of the New Secured Bonds Trust Act, etc. has yet to undergo said procedure.

#### Article 5 (Transitional Measures Concerning Penal Provisions)

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

#### Article 6 (Delegation to a Cabinet Order)

In addition to what is provided for in Article 2 of the Supplementary Provisions to

the preceding Article, necessary transitional measures concerning the enforcement of this Act shall be specified by a Cabinet Order.

Supplementary Provisions (Act No. 106 of November 27, 1997)

(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.

(2) (Transitional Measures Concerning Penal Provisions)

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

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

Article 1 (Effective Date)

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

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

Article 1 (Effective Date)

This Act shall come into effect as from the day of enforcement of the Act on Coordination, etc. of Finance-Related Acts in Line with Cancellation of the Prohibition of Formation, etc. of Holding Companies (Act No. 120 of 1997).

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

This Act shall come into effect as from the day of enforcement (September 1, 1998) of the Act on Securities of Specified Assets by Special Purpose Companies (Act No. 105 of 1998); provided, however, that from Article 17, the provisions revising Article 5 of the Supplementary Provisions of 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 dates respectively prescribed in those items:

- (i) From Article 1, the provisions adding an additional Chapter after Chapter IV of the Securities and Exchange Act (limited to the portions pertaining to Article 79-29, paragraph (1)) and the provisions revising Article 189, paragraph (2) and paragraph (4) of the same Act; the provisions of Article 21; the provisions of Article 22 revising Part 2, Chapter X, Section 2, Subsection 1 of the Insurance Business Act (limited to the portions pertaining to Article 265-6); the provisions

of Article 23; and the provisions of Article 25; and the provisions of Article 40, Article 42, Article 58, Article 136, Article 140, Article 143, Article 147, Article 149, Article 158, Article 164, Article 187 (excluding the provisions revising Article 4, item (lxxix [79]) of the Act for Establishment of the Ministry of Finance (Act No. 144 of 1949), and Articles 188 to 190 of the Supplementary Provisions-July 1, 1998

Article 147 (Delegation of Authority)

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

(2) A part of the authority delegated to the Commissioner of the Financial Services Agency pursuant to the provisions of the preceding paragraph and the authority of 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 head of a Local Finance Bureau or the head of a Local Finance Branch Bureau (the head of a Local Branch Office in the case of the authority of 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 (Effects of Dispositions, etc.)

A disposition, procedure, or any other act issued or carried out prior to the enforcement of this Act (with regard to the provisions listed in the items of Article 1 of the Supplementary Provisions, said provisions) pursuant to the provisions of a relevant Act prior to the revision (including an order based thereon; hereinafter the same shall apply in this Article) for which corresponding provisions exist in the relevant Act after the revision shall be deemed to have been issued or carried out pursuant to the corresponding provisions of the relevant Act after the revision, except as otherwise provided for by these Supplementary Provisions.

Article 189 (Transitional Measures Concerning Application of Penal Provisions)

With regard to the application of penal provisions to an act committed prior to the enforcement of this Act (with regard to the provisions listed in the items of Article 1 of the Supplementary Provisions, said provisions) or an act committed after the enforcement of this Act in the case where the provisions then in force shall remain applicable pursuant to the provisions of these Supplementary Provisions or in the case where the provisions shall remain in force pursuant to the provisions of these Supplementary Provisions, the provisions then in force shall remain applicable.

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

In addition to what is provided for in the preceding eight paragraphs, necessary transitional measures concerning the enforcement of this Act shall be specified by a Cabinet Order.

Article 191 (Review)

- (1) When the government finds it necessary, even after the enforcement of this Act, by taking into consideration the status of the implementation of systems pertaining to special measures, etc. to protect policyholders, etc. pursuant to the provisions of the Insurance Business Act, the status of the soundness of the management of insurance companies, etc., it shall take measures necessary for maintaining the reliability of the insurance business.
- (2) In addition to what is provided for in the preceding paragraph, the government shall review the financial systems after the revision by this Act, within five years from the enforcement of this Act, by taking into account the status of the implementation of the provisions revised by this Act, changes to the social and economic conditions surrounding the financial systems, etc., and shall, when it finds it necessary, take necessary measures based on the results 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 of enforcement of the Act for Establishment of the Financial Reconstruction Commission (Act No. 130 of 1998).

##### Article 2 (Transitional Measures)

- (1) A license, permission, approval, recognition, designation, or any other disposition or notice granted or issued or any other act conducted by the Prime Minister or any other national organ pursuant to the provisions of the Secured Bonds Trust Act, the Trust Business Act, the Norinchukin Bank Act, the Mutual Loan Business Act, the Act for Simplifying the Affairs 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 Cooperative Act, the Securities and Exchange Act, the Act on the Casualty Insurance Rating Organization of Japan, the Fisheries Cooperatives Act, the Small and Medium-Sized Enterprise Cooperatives Act, the Act on Financial Businesses by Cooperatives, the Ship Owners' 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 Small and Medium Fisheries Loan Guarantee Act, the Credit Guarantee Juridical Person 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 Merger and Conversion of Financial Institutions, 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. of Investment Advisory Business Pertaining to Securities, the Act on Regulation, etc. of Mortgage



Corporations, the Financial Futures Trading Act, the Act on Regulation, etc. of Advanced Payment Certificates, the Act on Control for Business Pertaining to Commodity Investment, the Act Concerning Special Provisions for the Narcotics and Psychotropics Control Act, etc. and Other Matters for the Prevention of Activities Encouraging Illicit Conducts and Other Activities Involving Controlled Substances through International Cooperation, the Act on Regulation of Business Pertaining to Specified Claims, etc., the Act on Coordination, etc. of Relevant Acts for the Reform of the Financial System and the Securities and Exchange System, the Act on Preferred Equity Investment by Cooperative Structured Financial Institutions, the Real Estate Specified Joint Enterprise Act, the Insurance Business Act, the Act on Special Provisions, etc. on Financial Institution Reorganization Proceedings, the Act on Mergers, etc. between the Norinchukin Bank and a Federation of Credit Agricultural Cooperatives, the Bank of Japan Act, the Act on Special Provisions, etc. on the Merger Procedure for Banks, etc. for the Establishment of a Bank Holding Company, the Act on Securities of Specified Assets by Special Purpose Companies, or the Act on Coordination, etc. of Relevant Acts for the Reform of the Financial System prior to the revision by this Act (hereinafter referred to as "Old Secured Bonds Trust Act, etc.") shall be deemed be a license, permission, approval, recognition, designation, or any other disposition or notice granted or issued or any other act conducted by the Financial Reconstruction Commission or any other corresponding national organ based on 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 Simplifying the Affairs 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 Cooperative Act, the Securities and Exchange Act, the Act on the Casualty Insurance Rating Organization of Japan, the Fisheries Cooperatives Act, the Small and Medium-Sized Enterprise Cooperatives Act, the Act on Financial Businesses by Cooperatives, the Ship Owners' 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 Small and Medium Fisheries Loan Guarantee Act, the Credit Guarantee Juridical Person 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 Merger and Conversion of Financial Institutions, 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. of Investment Advisory Business Pertaining to

Securities, the Act on Regulation, etc. of Mortgage Corporations, the Financial Futures Trading Act, the Act on Regulation, etc. of Advanced Payment Certificates, the Act on Control for Business Pertaining to Commodity Investment, the Act Concerning Special Provisions for the Narcotics and Psychotropics Control Act, etc. and Other Matters for the Prevention of Activities Encouraging Illicit Conducts and Other Activities Involving Controlled Substances through International Cooperation, the Act on Regulation of Business Pertaining to Specified Claims, etc., the Act on Coordination, etc. of Relevant Acts for the Reform of the Financial System and the Securities and Exchange System, the Act on Preferred Equity Investment by Cooperative Structured Financial Institutions, the Real Estate Specified Joint Enterprise Act, the Insurance Business Act, the Act on Special Provisions, etc. on Financial Institution Reorganization Proceedings, the Act on Mergers, etc. between the Norinchukin Bank and a Federation of Credit Agricultural Cooperatives, the Bank of Japan Act, the Act on Special Provisions, etc. on the Merger Procedure for Banks, etc. for the Establishment of a Bank Holding Company, the Act on Securities of Specified Assets by Special Purpose Companies, or the Act on Coordination, etc. of Relevant Acts for the Reform of the Financial System after the revision by this Act (hereinafter referred to as "New Secured Bonds Trust Act, etc.").

- (2) An application, a notification, or any other act which has been already filed with or given or directed to the Prime Minister or any other national organ pursuant to the provisions of the Old Secured Bonds Trust Act, etc. at the time of the enforcement of this Act shall be deemed to be an application, a notification, or any other act which has been filed with or given or directed to the Financial Reconstruction Commission or any other corresponding national organ based on the corresponding provisions of the New Secured Bonds Trust Act, etc.
- (3) With regard to a matter which requires reporting, notification or submission to or any other procedure with the Prime Minister or any other national organ pursuant to the provisions of the Old Secured Bonds Trust Act, etc. and for which said procedure has not been carried out prior to the day of enforcement of this Act, the provisions of the New Secured Bonds Trust Act, etc., shall apply by deeming that a matter which requires reporting, notification or submission to or any other procedure with the Financial Reconstruction Commission or any other corresponding national organ pursuant to the provisions of the New Secured Bonds Trust Act, etc. has yet to undergo said procedure.

### Article 3

An order issued based on the provisions of the Old Secured Bonds Trust Act, etc. which is already in force at the time of the enforcement of this Act shall be deemed to have the effect of an order based on the corresponding provisions of the New Secured Bonds Trust Act, etc.

#### Article 4

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

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

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

#### Supplementary Provisions (Act No. 56 of May 28, 1999) (Extract)

##### Article 1 (Effective Date)

This Act shall come into effect as from October 1, 1999.

#### Supplementary Provisions (Act No. 80 of June 23, 1999) (Extract)

##### Article 1 (Effective Date)

This Act shall come into effect as from the day on which one month has elapsed from the day of promulgation.

##### Article 5 (Transitional Measures Concerning Penal Provisions)

With regard to the application of penal provisions to an act committed prior to the enforcement of this Act or an act committed after the enforcement of this Act in the case where the provisions then in force shall remain applicable pursuant to the provisions of Article 3, paragraph (1) of the Supplementary Provisions, the provisions then in force shall remain applicable.

#### Supplementary Provisions (Act No. 87 of July 16, 1999) (Extract)

##### Article 1 (Effective Date)

This Act shall come into effect as from April 1, 2000; provided, however, that the provisions listed in the following items shall come into effect as from the dates respectively specified in those items:

- (i) From Article 1, the provisions adding five Articles, a Section name, two Subsections and Subsection names after Article 250 of the Local Autonomy Act (limited to the portions pertaining to Article 250-9, paragraph (1) of the same Act [limited to the portions pertaining to the obtainment of consent of both houses]); from Article 40, the provisions revising paragraph (9) and paragraph (10) of the Natural Parks Act (limited to the portion pertaining to paragraph (10) of the Supplementary Provisions of the same Act); the provisions of Article 244 (excluding the portions pertaining to the provisions revising Article 14-3 of the Agricultural Improvement Promotion Act); and the provisions of Article 472 (excluding the portions pertaining to the provisions revising Article 6, Article 8, and Article 17 of the Act on Special Provisions on Mergers of Municipalities); and the provisions of Article 7, Article 10, Article 12, the proviso to Article 59, Article

60, paragraph (4) and paragraph (5), Article 73, Article 77, Article 157, paragraphs (4) to (6), Article 160, Article 163, Article 164, and Article 202-The day of promulgation

Article 159 (Affairs of the State)

In addition to those prescribed in the respective Acts prior to the revision by this Act, the affairs of the State, other local public entities, or any other public entities (referred to as the "Affairs of the State, etc." in Article 161 of the Supplementary Provisions) which are managed or executed by an organ of a local public entity pursuant to an Act or a Cabinet Order based thereon prior to the enforcement of this Act shall be processed by the local public entity as the affairs of said local public entity pursuant to an Act or a Cabinet Order based thereon after the enforcement of this Act.

Article 160 (Transitional Measures Concerning Dispositions, Applications, etc.)

- (1) A disposition on permission, etc. or any other act (hereinafter referred to as an "act of disposition, etc." in this Article) issued or conducted prior to the enforcement of this Act (with regard to the provisions listed in the items of Article 1 of the Supplementary Provisions, said provisions; hereinafter the same shall apply in this Article and Article 163 of the Supplementary Provisions) pursuant to the provisions of the relevant Act prior to the revision, or an application for permission, etc. or any other act (hereinafter referred to as an "act of application, etc." in this Article) already filed or conducted at the time of the enforcement of this Act pursuant to the provisions of the relevant Act prior to the revision, for which the person to carry out the administrative affairs pertaining to said act changes on the day of enforcement of this Act, shall be deemed to be an act of disposition, etc. or an act of application, etc. conducted pursuant to the corresponding provisions of the relevant Act after the revision, with regard to the application of the relevant Act after the revision on or after the day of enforcement of this Act, except one specified by the provisions of Article 2 of the Supplementary Provisions to the preceding Article or by the provisions on transitional measures of the relevant Act after the revision (including an order based thereon).
- (2) With regard to a matter which requires reporting, notification or submission to or any other procedure with an organ of the State or of a local public entity prior to the enforcement of this Act pursuant to the provisions of the relevant Act prior to the revision and for which said procedure has not been carried out prior to the day of enforcement of this Act, the provisions of the relevant Act after the revision by this Act shall apply by deeming that a matter which requires reporting, notification or submission to or any other procedure with a corresponding organ of the State or of a local public entity pursuant to the corresponding provisions of the relevant Act after the revision has yet to undergo said procedure, except as otherwise provided for by this Act or a Cabinet Order based thereon.

#### Article 161 (Transitional Measures Concerning Appeal)

- (1) With regard to an appeal under the Administrative Appeal Act against a disposition pertaining to affairs of the State, etc. issued prior to the enforcement date where the administrative agency which has issued said disposition (hereinafter referred to as the "acting agency" in this Article) had a higher administrative agency prescribed in the same Act (hereinafter referred to as a "higher administrative agency" in this Article) prior to the enforcement date, the provisions of the Administrative Appeal Act shall apply by deeming that said acting agency still has a higher administrative agency on or after the enforcement date. In this case, the administrative agency which shall be deemed to be the higher administrative agency of said acting agency shall be one which was the higher administrative agency of said acting agency prior to the enforcement date.
- (2) In the case of the preceding paragraph, if the administrative agency which shall be deemed to be the higher administrative agency is an organ of a local public entity, the affairs to be processed by said organ pursuant to the provisions of the Administrative Appeal Act shall be the item (i) statutory commissioned affairs prescribed in Article 2, paragraph (9), item (i) of the New Local Autonomy Act.

#### Article 162 (Transitional Measures Concerning Fees)

With regard to a fee which should have been paid prior to the enforcement date pursuant to the provisions of a relevant Act prior to the revision by this Act (including an order based on), the provisions then in force shall remain applicable, except as otherwise provided for by this Act or a Cabinet Order based on.

#### Article 163 (Transitional Measures Concerning Penal Provisions)

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

#### Article 164 (Delegation of Other Transitional Measures to a Cabinet Order)

- (1) In addition to what is provided for in these Supplementary Provisions, necessary transitional measures concerning the enforcement of this Act (including transitional measures concerning penal provisions) shall be specified by a Cabinet Order.
- (2) Necessary matters concerning the application of the provisions of Article 18, Article 51 and Article 184 of the Supplementary Provisions shall be specified by a Cabinet Order.

#### Article 250 (Review)

The additional creation of the item (i) statutory commissioned affairs provided in Article 2, paragraph (9), item (i) of the Local Autonomy Act shall be avoided as much as possible, and those listed in appended table 1 of the New Local Autonomy Act and those indicated in a Cabinet Order based on the New Local Autonomy Act shall be reviewed from the viewpoint of promoting decentralization and be revised appropriately as needed.

#### Article 251

In order for local public entities to execute their affairs and services autonomously and independently, the government shall, while taking into account changes to the economic situation, examine ways by which to increase and secure financial resources for local tax in accordance with the sharing of roles between the State and local public entities, and shall take necessary measures based on the results of the examination.

#### Article 252

In line with reforms to the medical insurance system, the pension system, and other systems, the government shall examine the framework of administrative processing for social security, the requirements for officials engaged therein, and other matters, from the viewpoint of securing the convenience of the insured, etc. and improving the efficiency of administrative processing.

#### Supplementary Provisions (Act No. 146 of December 3, 1999) (Extract)

##### Article 1 (Effective Date)

This Act shall come into effect as from the day of promulgation.

##### Article 4 (Transitional Measures for Partial Revision of the Small and Medium-Sized Enterprise Cooperatives Act)

With regard to the application of the Act on Prohibition of Private Monopolization and Maintenance of Fair Trade (hereinafter referred to as "Antimonopoly Act") to an act committed prior to the enforcement of the provisions of Article 4 by a business cooperative, fire mutual aid cooperative, or credit cooperative set forth in Article 7, paragraph (1), item (i) of the Small and Medium-Sized Enterprise Cooperatives Act after the revision by the provisions of Article 4 (hereinafter referred to as "New Act" in this Article) which is not a business cooperative, fire mutual aid cooperative, or credit cooperative set forth in Article 7, paragraph (1), item (i) of the Small and Medium-Sized Enterprise Cooperatives Act prior to the revision by the provisions of Article 4 (hereinafter referred to as "Old Act" in this Article) or by a federation of cooperatives composed of cooperatives set forth in Article 7, paragraph (1), item (i) or item (ii) of the New Act which is not a federation of cooperatives composed of cooperatives set forth in Article 7, paragraph (1), item (i) or item (ii) of the Old Act, the provisions then in force shall remain applicable.

##### Article 14 (Transitional Measures Concerning Penal Provisions)

With regard to the application of penal provisions to an act committed prior to the enforcement of this Act (with regard to the provisions prescribed in the proviso to Article 1 of the Supplementary Provisions, said provisions; hereinafter the same shall apply in this Article) or an act committed after the enforcement of this Act in the case where 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 15 (Delegation to a Cabinet Order)

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

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

Article 1 (Effective Date)

This Act (excluding Article 2 and Article 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 dates respectively specified in those items:

- (ii) The provisions of Chapter III (excluding Article 3) and the following Article-July 1, 2000

Supplementary Provisions (Act No. 76 of May 19, 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 January 6, 2001.

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

(1) (Effective Date)

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

(2) (Transitional Measures)

In the case where the day of enforcement of this Act is prior to the day of enforcement of the provisions of Article 8 of the Supplementary Provisions of the Act on the Center for Quality Control and Consumer Services (Act No. 183 of 1999), the term "Article 27" in the provisions of Article 31 revising Article 19-5-2, Article 19-6, paragraph (1), item (iv) and Article 27 of the Act Concerning Standardization and Proper Labeling of Agricultural and Forestry Products shall be deemed to be replaced with "Article 26."

Supplementary Provisions (Act No. 92 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 three months from the day of promulgation; provided, however, that, from Article 1, the provisions adding an additional Article after Article 265-42 of the Insurance Business Act and the provisions revising Article 275 and Article 317-2 and the provisions of Article 19 of the Supplementary Provisions shall come into effect as from April 1, 2001.

Article 29 (Transitional Measures Concerning Application of Penal Provisions)

With regard to the application of penal provisions to an act committed prior to the enforcement of this Act (with regard to the provisions prescribed in the proviso to Article 1 of the Supplementary Provisions, said provisions; hereinafter the same shall apply in this Article) or an act committed after the enforcement of this Act in the case where 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 30 (Delegation of Other Transitional Measures to a Cabinet Order)

In addition to what is provided for in Articles 2 to 17 of the Supplementary Provisions, necessary transitional measures for the enforcement of this Act shall be specified by a Cabinet Order.

Article 31 (Review)

The government shall review the system for the protection of policyholders, etc. after the revision by this Act, within three years from the enforcement of this Act, by taking into account the status of the implementation of systems pertaining to special measures, etc. to protect policyholders, etc., the status of the soundness of the management of insurance companies, etc., and shall, when it finds it necessary, take measures necessary for maintaining the reliability of the insurance business based on the results of the review.

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 "enforcement date").

Article 49 (Effects of Dispositions, etc.)

A disposition, procedure, or any other act issued or carried out prior to the enforcement of this Act (with regard to the provisions listed in the items of Article 1 of the Supplementary Provisions, said provisions) pursuant to the provisions of a relevant Act prior to the revision for which corresponding provisions exist in the relevant Act after the revision shall be deemed to have been issued or carried out pursuant to the corresponding provisions of the relevant Act after the revision, except as otherwise provided for by these Supplementary Provisions.

Article 50 (Transitional Measures Concerning Application of Penal Provisions)

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

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

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

Article 52 (Review)



The government shall, when five years have elapsed from the enforcement of this Act, review the systems pertaining to the securities exchanges prescribed in Article 2, paragraph (16) of the New Securities and Exchange Act and the financial futures exchanges prescribed in Article 2, paragraph (6) of the New Financial Futures Trading Act by taking into account the status of the implementation of the New Securities and Exchange Act and the New Financial Futures Trading Act, changes to the social and economic conditions, etc., and shall, when it finds it necessary, take necessary measures based on the results 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 "enforcement date").

Article 36 (Partial Revision of the Small and Medium-Sized Enterprise Cooperatives Act)

(1) Omitted

(2) With regard to the application of the provisions of Article 9-8, paragraph (6), item (ii)-2 of the Small and Medium-Sized Enterprise Cooperatives Act after the revision by the provisions of the preceding paragraph, a former special purpose company and the asset liquidation plan and specified company bonds of a former special purpose company shall be respectively deemed to be a special purpose company formed pursuant to the provisions of the New Asset Liquidation Act and the asset liquidation plan and specified company bonds of such special purpose company.

Article 64 (Effects of Dispositions, etc.)

A disposition, procedure, or any other act issued or carried out prior to the enforcement of this Act (with regard to the provisions set forth in the proviso to Article 1 of the Supplementary Provisions, said provisions) pursuant to the provisions of a relevant Act prior to the revision (including an order based thereon; hereinafter the same shall apply in this Article) for which corresponding provisions exist in the relevant Act after the revision shall be deemed to have been issued or carried out pursuant to the corresponding provisions of the relevant Act after the revision, except as otherwise provided for by these Supplementary Provisions.

Article 65 (Transitional Measures Concerning Application of Penal Provisions)

With regard to the application of penal provisions to an act committed prior to the enforcement of this Act (with regard to the provisions set forth in the proviso to Article 1 of the Supplementary Provisions, said provisions) or an act committed after the enforcement of this Act in the case where 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 66

With regard to the application of the Act for Punishment of Organized Crimes, Control of Crime Proceeds and Other Matters after the revision by the provisions of Article 62 of the Supplementary Provisions (hereinafter referred to as the "New Organized Crime Punishment Act) (excluding the penal provisions which are to be applied pursuant to the provisions of the preceding Article), the offenses set forth in Article 171, Article 172, Article 174, Article 179, paragraph (1) and Article 182, paragraph (2) and paragraph (4) of the Old Asset Liquidation Act in the case where the provisions then in effect shall remain applicable pursuant to the provisions of the main clause of Article 2, paragraph (1) of the Supplementary Provisions shall be deemed to be the offenses set forth in item (xxiii) of the appended table of the New Organized Crime Punishment Act.

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

In addition to what is provided for in the preceding eight paragraphs, necessary transitional measures concerning the enforcement of this Act shall be specified by a Cabinet Order.

## Article 68 (Review)

The government shall review the provisions of the New Asset Liquidation Act and the New Investment Trust Act and the systems pertaining to approved real estate transaction operators prescribed in Article 50-2, paragraph (2) of the Building Lots and Buildings Transaction Business Act after the revision by the provisions of Article 8 (hereinafter referred to as the "New Building Lots and Buildings Transaction Business Act" in this Article), within five years from the enforcement of this Act, by taking into account the status of the implementation of the New Asset Liquidation Act, the New Investment Trust Act, and the New Building Lots and Buildings Transaction Business Act, changes to the social and economic conditions, etc., and shall, when it finds it necessary, take necessary measures based on the results of the review.

## Supplementary Provisions (Act No. 126 of November 27, 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 five months from the day of promulgation; provided, however, that the provisions listed in the following items shall come into effect as from the dates respectively specified in those items:

### Article 2 (Transitional Measures Concerning Penal Provisions)

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

## Supplementary Provisions (Act No. 42 of June 8, 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 one year from the day of promulgation (hereinafter referred to as "enforcement date").

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

Article 1 (Effective Date, etc.)

This Act shall come into effect as from April 1, 2002 (hereinafter referred to as "enforcement date"), and shall apply to short term company bonds, etc. issued on or after the enforcement date.

Article 7 (Transitional Measures Concerning Application of Penal Provisions)

With regard to the application of penal provisions to an act committed prior to the enforcement date or an act committed on or after the enforcement date in the case where the provisions shall remain in force pursuant to the provisions of these Supplementary Provisions, the provisions then in force shall remain applicable.

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

In addition to what is provided for in the preceding eight paragraphs, necessary transitional measures concerning the enforcement of this Act shall be specified by a Cabinet Order.

Article 9 (Review)

The government shall, when five years have elapsed from the enforcement of this Act, review the systems pertaining to transfer agencies by taking into account the status of the implementation of this Act, changes to the social and economic conditions, etc., and shall, when it finds it necessary, consider necessary measures based on the results of the review.

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

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

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

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 "enforcement date"); provided, however, that the provisions listed in the following items shall come into effect as from the dates respectively specified in those items:

- (i) From Article 1, the provisions deleting Article 17-2 of the Banking Act and the provisions revising Article 47, paragraph (2) (limited to the portion deleting "Article 17-2"); from Article 3, the provisions deleting Article 112-2 of the Insurance Business Act and the provisions revising Article 270-6, paragraph (2),

item (i); from Article 4, the provisions deleting Article 55-3; the provisions of Article 8, Article 9, Article 13, and Article 14; and the provisions of the following Article, Article 9, and Articles 13 to 16 of the Supplementary Provisions-The day on which one month has elapsed from the day of promulgation

Article 13 (Delegation of Authority)

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

Article 14 (Effects of Dispositions, etc.)

A disposition, procedure, or any other act issued or carried out prior to the enforcement of the respective revising provisions of this Act pursuant to the provisions of a relevant Act prior to the revision (including an order based thereon; hereinafter the same shall apply in this Article) for which corresponding provisions exist in the relevant Act after the revision shall be deemed to have been issued or carried out pursuant to the corresponding provisions of the relevant Act after the revision, except as otherwise provided for by these Supplementary Provisions.

Article 15 (Transitional Measures Concerning Penal Provisions)

With regard to the application of penal provisions to an act committed prior to the enforcement of the respective revising provisions of this Act or an act committed after the enforcement of the respective revising provisions of this Act pertaining to a matter for 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 16 (Delegation of Other Transitional Measures to a Cabinet Order)

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

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 an act committed prior to the enforcement of this Act or an act committed after the enforcement of this Act in the case where the provisions then in force shall remain applicable pursuant to the

provisions of the preceding paragraph, the provisions then in force shall remain applicable.

Supplementary Provisions (Act No. 150 of December 12, 2001) (Extract)

This Act shall come into effect as from the day of enforcement of the Act for Partial Revision of the Commercial Code and the Act on Special Provisions on the Commercial Code Concerning Audits, etc. of Stock Companies.

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

(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)

In the case where the day of enforcement of this Act is prior to the day of enforcement of the provisions of Article 2 of the Act for Partial Revision of the Agricultural Cooperative Act (Act No. 94 of 2001), the term "Article 30, paragraph (12)" in the provisions of Article 9 revising Article 30, paragraph (12) of the Agricultural Cooperative Act shall be deemed to be replaced with "Article 30, paragraph (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; provided, however, that the provisions revising Article 7, paragraph (2), Article 8-2, paragraph (2), Article 48, paragraph (2), Article 48-2, paragraph (3) and paragraph (5), Article 50, paragraph (1) and paragraph (4), Article 54, paragraph (2), Article 58, paragraph (1), and Article 69-2, the provisions changing Article 69-2 to Article 69-3, the provisions adding an additional Article after Article 69-3, the provisions adding an additional Article after Article 69, the provisions revising Article 95, paragraph (1), item (i) and paragraph (2), item (i), the provisions of the following Article, the provisions of Article 9 of the Supplementary Provisions revising Article 95-4 of the Fisheries Cooperatives Act (Act No. 242 of 1948), and the provisions of Article 10 and Article 14 of the Supplementary Provisions shall come into effect as from the day on which one month has elapsed 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 an act committed prior to the

enforcement of this Act (with regard to the provisions listed in the items of Article 1 of the Supplementary Provisions, said provisions; hereinafter the same shall apply in this Article) or an act committed after the enforcement of this Act in the case where 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 85 (Delegation of Other Transitional Measures to a Cabinet Order)

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

Article 86 (Review)

The government shall, when five years have elapsed from the enforcement of this Act, review the systems pertaining to protective trusts prescribed in Article 2, paragraph (11) of the New Act concerning Book-entry Transfer of Company Bonds and Other Securities, etc., clearing agencies for securities transactions prescribed in Article 2, paragraph (31) of the New Securities and Exchange Act, and clearing agencies for financial futures prescribed in Article 2, paragraph (15) of the New Financial Futures Trading Act by taking into account the status of the implementation of the New Act concerning Book-entry Transfer of Company Bonds and Other Securities, etc., the New Securities and Exchange Act, and the New Financial Futures Trading Act, changes to the social and economic conditions, etc., and shall, when it finds it necessary, take necessary measures based on the results of the review.

Supplementary Provisions (Act No. 79 of July 3, 2002) (Extract)

Article 1 (Effective Date)

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

Supplementary Provisions (Act No. 110 of November 22, 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 three months from the day of promulgation; provided, however, that the provisions of Article 3 of the Supplementary Provisions shall come into effect as from the day of promulgation.

Article 2 (Transitional Measures Concerning Penal Provisions)

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

Article 3 (Delegation to a Cabinet Order)

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

Supplementary Provisions (Act No. 152 of December 13, 2002) (Extract)

Article 1 (Effective Date)

This Act shall come into effect as from the day of enforcement of the Act on Utilizing Information Communications Technology in Administrative Procedures, etc. (Act No. 151 of 2002).

Supplementary Provisions (Act No. 155 of December 13, 2002) (Extract)

Article 1 (Effective Date)

This Act shall come into effect as from the day of enforcement of the Corporate Reorganization Act (Act No. 154 of 2002).

Article 3 (Transitional Measures Concerning Application of Penal Provisions)

With regard to the application of penal provisions to an act committed prior to the enforcement of this Act or an act committed after the enforcement of this Act in the case where the provisions then in force shall remain applicable pursuant to the provisions of the preceding paragraph, the provisions then in force shall remain applicable.

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; provided, however, that the provisions listed in the following items shall come into effect as from the dates respectively specified in those items:

- (ii) From Article 1, the provisions revising Article 2, paragraph (8), Article 27-2, paragraph (4), Article 27-28, paragraph (3) and Article 32, paragraph (3) of the Securities and Exchange Act, the provisions revising paragraph (5) of the same Article (limited to the portion adding ", a bank" after ", a cooperative structured financial institution"), the provisions revising paragraph (6) of the same Article, Article 54, paragraph (1), item (iv) of the same Act, and Article 45, paragraph (1) of the same Act, the provisions revising paragraph (2) of the same Article (excluding the provisions revising item (i) of the same paragraph), and the provisions revising Article 65-2, paragraph (1) of the same Act, paragraph (3) of the same Article, paragraph (9) of the same Article, Article 65-3, Article 166, paragraph (5), and Article 201, paragraph (2); from Article 2, the provisions revising Article 2, item (i) of the Act on Foreign Securities Brokers, the provisions revising Article 14, paragraph (1) of the same Act (limited to the portion adding ", a cooperative structured financial institution" after "a bank,"), the provisions revising Article 22, paragraph (1), item (iv) of the same Act (limited to the portion adding ", a cooperative structured financial institution" after "a bank,"), and the provisions revising item (v) of the same paragraph; from

Article 6, the provisions revising Article 28, paragraph (1), item (vii) and item (xix) of the Shoko Chukin Bank Act, the provisions deleting paragraph (6) of the same Article, and the provisions adding an additional paragraph after paragraph (3) of the same Article; from Article 7, the provisions adding an additional item after Article 10, paragraph (6), item (iii) of the Agricultural Cooperative Act, the provisions revising item (vi)-2 of the same paragraph, item (xv) of the same paragraph, and paragraph (12) of the same Article, the provisions deleting paragraph (13) and paragraph (16) of the same Article, and the provisions adding two paragraphs after paragraph (9) of the same Article; from Article 8, the provisions adding an additional item after Article 11, paragraph (3), item (iii) of the Fisheries Cooperatives Act, the provisions revising item (vi) of the same paragraph, the provisions adding an additional item after Article 87, paragraph (4), item (iii) of the same Act, the provisions adding an additional item after Article 93, paragraph (2), item (iii) of the same Act, and the provisions adding an additional item after Article 97, paragraph (3), item (iii); from Article 9, the provisions revising Article 9-8, paragraph (2), item (vii) of the Small and Medium-Sized Enterprise Cooperatives Act; from Article 10, the provisions revising Article 53, paragraph (3), item (ii) and Article 54, paragraph (4), item (ii) of the Shinkin Bank Act; from Article 11, the provisions revising Article 58, paragraph (2), item (viii) and Article 58-2, paragraph (1), item (vi) of the Labor Bank Act; from Article 12, the provisions revising Article 54, paragraph (4), item (ii) of the Norinchukin Bank Act; the provisions of Article 13; from Article 16 of the Supplementary Provisions, Article 37-11, paragraph (1), item (i), Article 37-14-2, paragraph (1), item (i), and Article 41-14, paragraph (3), item (ii) of the Special Tax Measures Act (Act No. 26 of 1957); and from Article 17 of the Supplementary Provisions, the provisions revising Article 224-3, paragraph (1), item (ii) of the Income Tax Act (Act No. 33 of 1965)-The day on which one month has elapsed from the day of promulgation

#### Article 38 (Transitional Measures Concerning Application of Penal Provisions)

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

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

In addition to what is provided for in this Act, transitional measures necessary in line with the enforcement of this Act shall be specified by a Cabinet Order.

#### Article 40 (Review)

The government shall, when five years have elapsed from the enforcement of this Act, review the financial systems after the revision by this Act by taking into account the status of the implementation of the provisions after the revision by this Act, changes to the social and economic conditions, etc., and shall, when it finds it necessary, take necessary measures based on the results of the review.



Supplementary Provisions (Act No. 34 of April 21, 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 three months from the day of promulgation; provided, however, that the provisions of Article 12 of the Supplementary Provisions shall come into effect as from the day of promulgation.

Article 12 (Effective Date)

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

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

Article 1 (Effective Date)

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

Article 14 (Delegation to a Cabinet Order)

In addition to what is provided for in Article 2 of the Supplementary Provisions to the preceding Article, necessary transitional measures concerning the enforcement 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 "enforcement date").

Article 135 (Transitional Measures Concerning Application of Penal Provisions)

With regard to the application of penal provisions to an act committed prior to the enforcement of this Act or an act committed after the enforcement of this Act in the case where the provisions then in force shall remain applicable or the provisions shall remain in force pursuant to the provisions of these Supplementary Provisions, the provisions then in force shall remain applicable.

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

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

Article 137 (Review)

The government shall, when five years have elapsed from the enforcement of this Act, review the settlement system pertaining to transactions of shares, etc. after the revision by this Act by taking into account the status of the implementation of the provisions after the revision by this Act, changes to the social and economic conditions, etc., and shall, when it finds it necessary, take necessary measures based on the results 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 "enforcement date"); provided, however, that the provisions listed in the following items shall come into effect as from the dates respectively specified in those items:

(i) From Article 1, the provisions revising Article 33-3, Article 64-2, paragraph (1), item (ii) and Article 64-7, paragraph (5) of the Securities and Exchange Act, the provisions revising Article 65-2, paragraph (5) of the same Act (limited to the portions changing "and item (vii)" to ", item (vii) and item (xii)"), and the provisions revising Article 144, Article 163, paragraph (2) and Article 207, paragraph (1), item (i) and paragraph (2) of the same Act; from Article 2, the provisions revising Article 36, paragraph (2) of the Act on Foreign Securities Brokers (hereinafter referred to as the "Foreign Securities Brokers Act" in this Article); from Article 4, the provisions revising Article 10-5 of the Act on Securities Investment Trust and Securities Investment Corporations (hereinafter referred to as the "Investment Trust Act" in this Article); from Article 6, the provisions revising Article 29-3 of the Act on Regulation, etc. of Investment Advisory Business Pertaining to Securities (hereinafter referred to as the "Investment Advisory Business Act" in this Article); the provisions of Article 11 and Article 12; from Article 13, the provisions adding the following to Article 9-8, paragraph (6), item (i) of the Small and Medium-Sized Enterprise Cooperatives Act; and the provisions of Articles 14 to 19-The day of promulgation of this Act

(iii) From Article 1, the provisions revising the Table of Contents of the Securities and Exchange Act (limited to the portions changing "company which is the issuer" to "issuer"), the provisions revising Article 2, paragraph (2), item (iii) of the same Article, the provisions changing item (iii) to item (v) of the same paragraph and adding two items after item (ii) of the same paragraph, the provisions revising paragraph (10) of the same Article and Article 13, paragraphs (1) to (5) of the same Act, the provisions deleting paragraph (6) of the same Article, the provisions revising Article 15, paragraph (1) and paragraph (2) (excluding the portions changing "or a registered financial institution" to ", a registered financial institution, or an introducing brokerage service provider"), the provisions revising paragraph (3) of the same Article, the provisions adding

three paragraphs after paragraph (2) of the same Article, the provisions revising Article 17, Article 18, paragraph (2), Article 20, and Article 21, paragraph (3) of the same Act, the provisions adding two Articles after the same Article, the provisions revising Article 22, Article 23-2, and Article 23-12, paragraphs (2) to (5) and paragraph (9) of the same Act, the provisions deleting paragraphs (6) to (8) of the same Article, the provisions revising Article 24-4, Article 24-5, paragraph (5), and Article 24-6, paragraph (1) and paragraph (3) of the same Act, the provisions revising the Section name of Chapter II-2, Section 1 of the same Act, the provisions revising Article 27-2, paragraph (1), paragraph (7), item (ii), and paragraph (8), Article 27-3, paragraph (4), Article 27-5, Article 27-10, paragraphs (1) to (3), Article 27-11, paragraph (1) and paragraph (4), Article 27-12, Article 27-13, paragraph (3) and paragraph (5), and Article 27-15, paragraph (2) of the same Act, the provisions revising the Section name of Chapter II-2, Section 2 of the same Act, the provisions revising Article 27-22-2, paragraphs (1) to (3), paragraph (11), and paragraph (12), and Article 27-30-9, paragraph (1) and paragraph (3) of the same Act, the provisions deleting paragraph (2) of the same Article, the provisions revising Article 27-30-11, paragraph (1) and paragraph (3), Article 28-2, paragraph (3), Article 28-4, paragraph (1), item (vii), and Article 65, paragraph (2) of the same Act, the provisions deleting item (vi) and item (vii) of the same paragraph, the provisions changing item (viii) of the same paragraph to item (vi) of the same paragraph, the provisions revising Article 65-2, paragraph (3) of the same Act, the provisions revising paragraph (5) of the same Act (limited to the portions changing "and Article 44, item (i)" to ", Article 44 [excluding item (ii)], and Article 45" and the portions adding a second sentence), the provisions revising Article 65-2, paragraphs (7) to (9) and paragraph (11) and Article 79-5 of the same Act, the provisions adding an additional item to Article 79-57, paragraph (1) of the same Act, and the provisions revising Article 107-2, paragraph (1), item (ii), Article 107-3, paragraph (1), item (ii), Article 155, paragraph (1), item (ii), Article 194-6, paragraph (2), item (ii), Article 200, item (iii), and Article 205, item (i) of the same Act; from Article 2, the provisions revising Article 2, item (iii) of the Foreign Securities Brokers Act; from Article 4, the provisions revising Article 2, paragraph (5) and Article 33, paragraph (1) of the Investment Trust Act; from Article 6, the provisions revising Article 2, paragraph (5) of the Investment Advisory Business Act; from Article 13, the provisions revising Article 8, paragraph (6), item (iii) of the Small and Medium-Sized Enterprise Cooperatives Act; and the provisions of the following Article to Article 7 of the Supplementary Provisions, and Article 13, Article 14, and Articles 17 to 19 of the Supplementary Provisions-December 1, 2004

Article 22 (Transitional Measures Concerning Application of Penal Provisions)

With regard to the application of penal provisions to an act committed prior to the enforcement of this Act (with regard to the provisions listed in the items of Article 1 of the Supplementary Provisions, said provisions; hereinafter the same shall apply in this Article) or an act committed after the enforcement of this Act in the case where the provisions then in force shall remain applicable pursuant to the provisions of Article 3 of the Supplementary Provisions, the provisions then in force shall remain applicable.

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

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

Article 24 (Review)

The government shall, when five years have elapsed from the enforcement of this Act, review the financial systems after the revision by this Act by taking into account the status of the implementation of the provisions after the revision by this Act, changes to the social and economic conditions, etc., and shall, when it finds it necessary, take necessary measures based on the results of the review.

Supplementary Provisions (Act No. 124 of June 18, 2004) (Extract)

Article 1 (Effective Date)

This Act shall come into effect as from the date of enforcement of the Real Estate Registration Act.

Article 2 (Transitional Measures)

In the case where the day of enforcement of this Act is prior to the day of enforcement of the Act on the Protection of Personal Information Held by Administrative Organs, the term "Article 114-3" in the provisions of Article 52 revising Article 114-3 and Articles 117 to 119 of the Commercial Registration Act shall be deemed to be replaced with "Article 114-4."

Supplementary Provisions (Act No. 147 of December 1, 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.

Supplementary Provisions (Act No. 150 of December 1, 2004) (Extract)

Article 1 (Effective Date)

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

Article 4 (Transitional Measures Concerning Penal Provisions)

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

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.

Article 121 (Effects of Dispositions, etc.)

A disposition, procedure, or any other act issued or carried out prior to the enforcement of this Act pursuant to the provisions of a relevant Act prior to the revision (including an order based thereon; hereinafter the same shall apply in this Article) for which corresponding provisions exist in the relevant Act after the revision shall be deemed to have been carried out pursuant to the corresponding provisions of the relevant Act after the revision, except as otherwise provided for by these Supplementary Provisions.

Article 122 (Transitional Measures Concerning Penal Provisions)

With regard to the application of penal provisions to an act committed prior to the enforcement of this Act or an act committed after the enforcement of this Act in the case where the provisions then in force shall remain applicable pursuant to the provisions of these Supplementary Provisions or in the case where the provisions shall remain in force pursuant to the provisions of these Supplementary Provisions, the provisions then in force shall remain applicable.

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

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

Article 124 (Review)

The government shall review the status of the operation of this Act within three years from the enforcement of this Act, and shall, when it finds it necessary, take necessary measures based on the results 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. 35 of April 27, 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.

Article 17 (Transitional Measures for Partial Revision of the Small and Medium-Sized Enterprise Cooperatives Act)

With regard to the procedures for processing a cease and desist order (excluding

those pertaining to the attendance of a stenographer and any other matters specified by the Rules of the Fair Trade Commission) in the case where a recommendation under the provisions of Article 48, paragraph (1) of the Old Act as applied mutatis mutandis pursuant to Article 108 of the Small and Medium-Sized Enterprise Cooperatives Act prior to the revision by the provisions of the preceding Article or a transcript of the written decision of commencement of the hearing under the provisions of Article 50, paragraph (2) of the Old Act has been served prior to the enforcement date, the provisions then in force shall remain applicable.

#### 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 "enforcement date").

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

In addition to what is provided for in these Supplementary Provisions, the application procedure for approval or recognition under the provisions of these Supplementary Provisions, submission of documents, and other necessary matters for the enforcement of this Act shall be specified by a Cabinet Office Ordinance.

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

With regard to the application of penal provisions to an act committed prior to the enforcement of this Act or an act committed after the enforcement of this Act in the case where 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 36 (Delegation of Authority)

(1) The Prime Minister shall delegate his/her authority under these Supplementary Provisions (excluding the authority specified by a Cabinet Order) to the Commissioner of the Financial Services Agency.

(2) A part of the authority delegated to the Commissioner of the Financial Services Agency pursuant to the provisions of the preceding paragraph may be delegated to the head of a Local Finance Bureau or the head of a Local Finance Branch Bureau, pursuant to the provisions of a Cabinet Order.

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

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

##### Article 38 (Review)

(1) The government shall review how the expenses required for fund assistance, etc. by the Life Insurance Policyholders Protection Corporation of Japan should be

burdened, the need for the continuance of the provisions on government assistance, etc., within three years from the enforcement of this Act, by taking into account the status of the implementation of the systems, etc. pertaining to the special measures, etc. for the protection of policyholders, etc. such as government assistance to the Life Insurance Policyholders Protection Corporation of Japan and fund assistance, etc. by the Life Insurance Policyholders Protection Corporation of Japan, the financial status of the Life Insurance Policyholders Protection Corporation of Japan, the status of the soundness of the management of insurance companies, etc., and shall make appropriate revisions.

(2) The government shall review the systems pertaining to the insurance business prescribed in this Act, within five years from the enforcement of this Act, by taking into account the status of operations conducted by entrusting reinsurance to an insurance company, and any other operations of small-sum, short term insurance business operators, the status of the diversity of insurance underwritten by insurance companies, changes to social and economic conditions, etc., and shall, when it finds it necessary, take necessary measures based on the results of the review.

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

This Act shall come into effect as from the day of enforcement of the Companies Act.

Supplementary Provisions (Act No. 102 of October 21, 2005) (Extract)

Article 1 (Effective Date)

This Act shall come into effect as from the day of enforcement of the Postal Service Privatization Act.

Article 117 (Transitional Measures Concerning Penal Provisions)

With regard to the application of penal provisions to an act committed prior to the enforcement of this Act, an act committed after the enforcement of this Act in the case where the provisions then in force shall remain applicable pursuant to the provisions of these Supplementary Provisions, an act committed prior to the lapse of the provisions of Article 38-8 (limited to the portions pertaining to item (ii) and item (iii)) of the Old Postal Money Exchange Act which shall remain in force pursuant to the provisions of Article 9, paragraph (1) of the Supplementary Provisions after the enforcement of this Act, an act committed prior to the lapse of the provisions of Article 70 (limited to the portions pertaining to item (ii) and item (iii)) of the Old Postal Transfer Act which shall remain in force pursuant to the provisions of Article 13, paragraph (1) of the Supplementary Provisions after the enforcement of this Act, an act committed prior to the lapse of the provisions of Article 8 (limited to the portions pertaining to item (ii)) of the Old Postal Transfer Deposit Contribution Entrustment Act which shall remain in force pursuant to the provisions of Article 27,

paragraph (1) of the Supplementary Provisions after the enforcement of this Act, an act committed prior to the lapse of the provisions of Article 70 (limited to the portions pertaining to item (ii)) of the Old Japan Post Public Corporation Act which shall remain in force pursuant to the provisions of Article 39, paragraph (2) of the Supplementary Provisions after the enforcement of this Act, an act committed prior to the lapse of the provisions of Article 71 and Article 72 (limited to the portions pertaining to item (xv)) of the Old Japan Post Public Corporation Act which shall remain in force pursuant to the provisions of Article 42, paragraph (1) of the Supplementary Provisions after the enforcement of this Act, or an act committed prior to a specified date pertaining to a postal savings bank prescribed in Article 104 of the Postal Service Privatization Act in the case where the provisions of Article 2, paragraph (2) of the Supplementary Provisions apply, the provisions then in force shall remain applicable.

#### 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 "enforcement date").

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

A disposition, procedure, or any other act issued or carried out prior to the enforcement of this Act pursuant to the provisions of a relevant Act prior to the revision (including an order based thereon; hereinafter the same shall apply in this Article) for which corresponding provisions exist in the relevant Act after the revision shall be deemed to have been carried out pursuant to the corresponding provisions of the relevant Act after the revision, except as otherwise provided for by these Supplementary Provisions.

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

With regard to the application of penal provisions to an act committed prior to the enforcement of this Act or an act committed after the enforcement of this Act in the case where 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 40 (Delegation of Authority)

(1) The Prime Minister shall delegate his/her authority under these Supplementary Provisions (excluding the authority specified by a Cabinet Order) to the Commissioner of the Financial Services Agency.

(2) A part of the authority delegated to the Commissioner of the Financial Services Agency pursuant to the provisions of the preceding paragraph and the authority of 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 head of a Local Finance Bureau or the head of a Local Finance Branch Bureau (the head of a Local Branch Office in the case of the authority of 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 a Cabinet Order)

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

Article 42 (Review)

The government shall, when five years have elapsed from the enforcement of this Act, review the financial systems after the revision by this Act by taking into account the status of the implementation of the provisions after the revision by this Act, changes to social and economic conditions, etc., and shall, when it finds it necessary, take necessary measures based on the results of the review.

Supplementary Provisions (Act No. 50 of June 2, 2006) (Extract)

(1) (Effective Date)

This Act shall come into effect as from the day of enforcement of the Act on General Associations and Foundations.

(2) (Adjustment Provisions)

In the case where the day of enforcement of the Act for Partial Revision of the Penal Code, etc. to Respond to an Increase in International and Organized Crimes and Advancement of Information Processing (Act No.        of 2006) comes after the enforcement date, with regard to the application of the provisions of item (lxii [62]) of the appended table of the Act for Punishment of Organized Crimes, Control of Crime Proceeds and Other Matters (Act No. 136 of 1999; hereinafter referred to as (the "Organized Crime Punishment Act" in the next paragraph) for the period from the effective date until the day preceding the day of enforcement of the Act for Partial Revision of the Penal Code, etc. to Respond to an Increase in International and Organized Crimes and Advancement of Information Processing, the phrase "offense under Article 157 (Special Breach of Trust by Directors, etc.) of the Intermediate Juridical Person Act (Act No. 49 of 2001)" in item (lxii [62]) shall be deemed to be replaced with "offense under Article 334 (Special Breach of Trust by Directors, etc.) of the Act on General Associations and Foundations (Act No. 48 of 2006)."

(3) In addition to what is provided for in the preceding paragraph, in the case referred to in the same paragraph, with regard to the application of the provisions of the Organized Crime Punishment Act for the period until the day preceding the day of enforcement of the Act for Partial Revision of the Penal Code, etc. to Respond to an Increase in International and Organized Crimes and Advancement of Information

Processing, the offense under Article 157 (Special Breach of Trust by Directors, etc.) of the Old Intermediate Juridical Person Act in the case where the provisions then in force shall remain applicable pursuant to the provisions of Article 457 shall be deemed to be the offense set forth in item (lxii [62]) of the appended table of the Organized Crime Punishment Act.

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; provided, however, that the provisions listed in the following items shall come into effect as from the dates respectively specified in those items:

- (i) The provisions of Article 1; from Article 8, the provisions revising Article 30-4, paragraph (2), item (ii) of the Agricultural Cooperative Act (limited to the portion changing "Article 197, paragraph (1), items (i) to (iv) or item (vii) or paragraph (2), Article 198, items (i) to (x), item (xviii) or item (xix)" to "Article 197, Article 197-2, items (i) to (x) or item (xiii), Article 198, item (viii)"); from Article 9, the provisions revising Article 34-4, paragraph (2), item (ii) of the Fisheries Cooperatives Act (limited to the portion changing "Article 197, paragraph (1), items (i) to (iv) or item (vii) or paragraph (2), Article 198, items (i) to (x), item (xviii) or item (xix)" to "Article 197, Article 197-2, items (i) to (x) or item (xiii), Article 198, item (viii)"); from Article 11, the provisions revising Article 5-4, item (iv) of the Act on Financial Businesses by Cooperative (limited to the portion changing "Article 197, paragraph (1), items (i) to (iv) or item (vii) or paragraph (2)" to "Article 197," "Article 198, items (i) to (x), item (xviii) or item (xix) (Offense of Solicitation Without Notification, etc. of Securities)" to "Article 197-2, items (i) to (x) or item (xiii) (Offense of Solicitation Without Notification, etc. of Securities), Article 198, item (viii) (Offense of Violation of Prohibition or Suspension Order by a Court)"); from Article 13, the provisions revising Article 34, item (iv) of the Shinkin Bank Act (limited to the portion changing "Article 197, paragraph (1), items (i) to (iv) or item (vii) or paragraph (2)" to "Article 197," "Article 198, items (i) to (x), item (xviii) or item (xix) (Offense of Solicitation Without Notification, etc. of Securities)" to "Article 197-2, items (i) to (x) or item (xiii) (Offense of Solicitation Without Notification, etc. of Securities), Article 198, item (viii) (Offense of Violation of Prohibition or Suspension Order by a Court)"); from Article 15, the provisions revising Article 34, item (iv) of the Labor Bank Act (limited to the portion changing "Article 197, paragraph (1), items (i) to (iv) or item (vii) or paragraph (2)" to "Article 197," "Article 198, items (i) to (x), item (xviii) or item (xix) (Offense of Solicitation Without Notification, etc. of Securities)" to "Article 197-2, items (i) to (x) or item (xiii) (Offense of Solicitation

Without Notification, etc. of Securities), Article 198, item (viii) (Offense of Violation of Prohibition or Suspension Order by a Court)"); from Article 18, the provisions revising Article 53-2, paragraph (1), item (iii) of the Insurance Business Act (limited to the portion changing "Article 197, paragraph (1), items (i) to (iv) or item (vii) or paragraph (2)" to "Article 197," "Article 198, items (i) to (x), item (xviii) or item (xix) (Offense of Solicitation Without Notification, etc. of Securities)" to "Article 197-2, items (i) to (x) or item (xiii) (Offense of Solicitation Without Notification, etc. of Securities), Article 198, item (viii) (Offense of Violation of Prohibition or Suspension Order by a Court)"); from Article 19, the provisions revising Article 24-4, item (iv) of the Norinchukin Bank Act (limited to the portion changing "Article 197, paragraph (1), items (i) to (iv) or item (vii) or paragraph (2), Article 198, items (i) to (x), item (xviii) or item (xix)" to "Article 197, Article 197-2, items (i) to (x) or item (xiii), Article 198, item (viii)"); and the provisions of Article 2, Article 4, Article 182, paragraph (1), Article 184, paragraph (1), Article 187, paragraph (1), Article 190, paragraph (1), Article 193, paragraph (1), Article 196, paragraph (1), and Article 198, paragraph (1) of the Supplementary Provisions-The day on which twenty days have elapsed from the day of promulgation

- (ii) The provisions of Article 3 of the Supplementary Provisions-The day of enforcement of the Act for Partial Revision of the Penal Code, etc. to Respond to an Increase in International and Organized Crimes and Advancement of Information Processing (Act No.        of 2006) or the day of enforcement of the provisions set forth in the preceding item, whichever comes later
- (iii) The provisions of Article 2 (excluding the provisions revising Article 27-23 of the Securities and Exchange Act [excluding the portion adding "and Article 27-26" after "Article 27-25, paragraph (1)"], the provisions revising Article 27-24 of the same Act, the provisions revising Article 27-25 of the same Act, the provisions revising Article 27-26 of the same Act [excluding the portion changing "controlling the business activities of a company which is an issuer of share certificates, etc." to "conducting acts specified by a Cabinet Order as those that impose serious changes or have a serious impact on the business activities of the issuer of share certificates, etc. (referred to as "important proposal acts, etc." in paragraph (4) and paragraph (5))," and the portion adding three paragraphs to the same Article], the provisions revising Article 27-27 of the same Act, and the provisions revising Article 27-30-2 of the same Act [excluding the portion changing "Article 27-10, paragraph (2)" to "Article 27-10, paragraph (8) and paragraph (12)" and the portion adding "or paragraph (11)" after "Article 27-10, paragraph (1)"]); and the provisions of Article 7, Article 8, and Article 12 of the Supplementary Provisions-The date specified by a Cabinet Order within a period not exceeding six months from the day of promulgation

(iv) From Article 2, the provisions revising Article 27-23 of the Securities and Exchange Act (excluding the portion adding "and Article 27-26" after "Article 27-25, paragraph (1)"), the provisions revising Article 27-24 of the same Act, the provisions revising Article 27-25 of the same Act, the provisions revising Article 27-26 of the same Act (excluding the portion changing "controlling the business activities of a company which is an issuer of share certificates, etc." to "conducting acts specified by a Cabinet Order as those that impose serious changes or have a serious impact on the business activities of the issuer of share certificates, etc. (referred to as "important proposal acts, etc." in paragraph (4) and paragraph (5))," and the portion adding three paragraphs to the same Article), the provisions revising Article of the same Act, and the provisions revising Article 27-30-2 (excluding the portion changing "Article 27-10, paragraph (2)" to "Article 27-10, paragraph (8) and paragraph (12)" and the portion adding "or paragraph (11)" after "Article 27-10, paragraph (1)"; and the provisions of Articles 9 to 11 and Article 13 of the Supplementary Provisions-The date specified by a Cabinet Order within a period not exceeding one year from the day of promulgation

(v) The provisions of Article 4-The day of enforcement of the Act on General Associations and Foundations (Act No. 48 of 2006)

Article 186 (Transitional Measures in Line with Partial Revision of the Small and Medium-Sized Enterprise Cooperatives Act)

In the case where a cooperative engaged in mutual aid activities (which means a cooperative prescribed in Article 3 of the Small and Medium-Sized Enterprise Cooperatives Act after the revision under the provisions of Article 10 [hereinafter referred to as the "New Small and Medium-Sized Enterprise Cooperatives Act" in this Article] engaged in mutual aid activities prescribed in Article 9-2, paragraph (7) of the New Small and Medium-Sized Enterprise Cooperatives Act) has received an offer for a specified mutual aid contract (which means a specific mutual aid contract prescribed in Article 9-7-5, paragraph (3) of the New Small and Medium-Sized Enterprise Cooperatives Act) from a user (limited to a person set forth in Article 2, paragraph (31), item (iv) of the New Small and Medium-Sized Enterprise Cooperatives Act) for the first time since the enforcement of this Act, if it has, prior to the enforcement of this Act, notified said user in accordance with Article 34 of the New Financial Instruments and Exchange Act as applied mutatis mutandis in Article 9-7-5, paragraph (3) of the New Small and Medium-Sized Enterprise Cooperatives Act that he/she may make a offer under the provisions of Article 34-2, paragraph (1) of the New Financial Instruments and Exchange Act as applied mutatis mutandis pursuant to Article 9-7-5, paragraph (3) of the New Small and Medium-Sized Enterprise Cooperatives Act (including the case where it is applied mutatis mutandis pursuant to Article 9-9, paragraph (5) or paragraph (8) of the New Small and

Medium-Sized Enterprise Cooperatives Act; hereinafter the same shall apply in this Article) after the enforcement of this Act, it shall be deemed to have given the notice prescribed in Article 34 of the New Financial Instruments and Exchange Act as applied mutatis mutandis pursuant to Article 9-7-5, paragraph (3) of the New Small and Medium-Sized Enterprise Cooperatives Act to said user.

Article 216 (Delegation of Authority)

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

Article 217 (Effects of Dispositions, etc.)

A disposition, procedure, or any other act issued or carried out prior to the enforcement of this Act pursuant to the provisions of the Old Securities and Exchange Act, the Old Investment Trust Act, or the Old Trust Business Act, or an order based on any of these Acts for which corresponding provisions exist in the New Financial Instruments and Exchange Act shall be deemed to have been issued or carried out pursuant to the corresponding provisions of the New Financial Instruments and Exchange Act, except as otherwise provided for by these Supplementary Provisions.

Article 218 (Transitional Measures Concerning Application of Penal Provisions)

With regard to the application of penal provisions to an act committed prior to the enforcement of this Act (with regard to the provisions listed in the items of Article 1 of the Supplementary Provisions, said provisions; hereinafter the same shall apply in this Article) or an act committed after the enforcement of this Act in the case where the provisions then in force shall remain applicable or in the case where the provisions shall remain in force pursuant to the provisions of these Supplementary Provisions, the provisions then in force shall remain applicable.

Article 219 (Delegation of Other Transitional Measures to a Cabinet Order, etc.)

- (1) In addition to what is provided for in these Supplementary Provisions, necessary transitional measures concerning the enforcement of this Act shall be specified by a Cabinet Order.
- (2) Transitional measures necessary for the procedure related to registration in line with the partial revision of the Securities and Exchange Act by the provisions of Article 3 shall be specified by an Ordinance of the Ministry of Justice.

Article 220 (Review)

The government shall review the status of the operation of this Act within five years from the enforcement of this Act, and shall, when it finds it necessary, take

necessary measures based on the results of the review.

Supplementary Provisions (Act No. 75 of June 15, 2006) (Extract)

Article 1 (Effective Date)

This Act shall come into effect as from April 1, 2007.

Article 2 (Transitional Measures in Line with Partial Revision of the Small and Medium-Sized Enterprise Cooperatives Act)

With regard to a business cooperative or a minor business cooperative which already exists at the time of the enforcement of this Act and which is a specified mutual aid association prescribed in Article 9-2, paragraph (7) of the Small and Medium-Sized Enterprise Cooperatives Act after the revision by the provisions of Article 1 (hereinafter referred to as "New Cooperatives Act") or a federation of cooperatives which already exists at the time of the enforcement of this Act and which is a specified federation of mutual aid associations prescribed in Article 9-9, paragraph (4) of the New Cooperatives Act, the provisions of Article 6, paragraph (1) of the New Cooperatives Act shall apply from the time of the conclusion of the ordinary general meeting convened for the first time on or after the day of enforcement of this Act (hereinafter referred to as "enforcement date"), and the provisions then in force shall remain applicable prior to the conclusion of said ordinary general meeting.

Article 3

A business cooperative or a minor business cooperative which is already engaged in activities other than mutual aid activities, activities incidental thereto, or activities prescribed in Article 9-2, paragraph (6) of the New Cooperatives Act at the time of the enforcement of this Act and which is a specified mutual aid association prescribed in paragraph (7) of the same Article may continue to engage in said activities until the day on which five years have elapsed from the enforcement date, notwithstanding the provisions of the main clause of the same paragraph.

Article 4

- (1) A business cooperative or a minor business cooperative which is already engaged in mutual aid activities at the time of the enforcement of this Act may continue to engage in said mutual aid activities until the day on which six months have elapsed from the enforcement date, notwithstanding the provisions of Article 9-6-2, paragraph (1) of the New Cooperatives Act.
- (2) In the case where a business cooperative or a minor business cooperative may continue to engage in mutual aid activities pursuant to the provisions of the preceding paragraph, the provisions of the New Cooperatives Act shall apply by deeming said business cooperative or minor business cooperative to be a business cooperative or a minor business cooperative which has obtained the approval of the administrative agency specified by Article 9-6-2, paragraph (1) of the New

Cooperatives Act.

- (3) A federation of cooperatives which is already engaged in mutual aid activities at the time of the enforcement of this Act may continue to engage in said mutual aid activities until the day on which six months have elapsed from the enforcement date, notwithstanding the provisions of Article 9-6-2, paragraph (1) of the New Cooperatives Act as applied mutatis mutandis pursuant to Article 9-9, paragraph (5) of the New Cooperatives Act.
- (4) In the case where a federation of cooperatives may continue to engage in mutual aid activities pursuant to the provisions of the preceding paragraph, the provisions of the New Cooperatives Act shall apply by deeming said federation of cooperatives to be a federation of cooperatives which has obtained the approval of the administrative agency specified by Article 9-6-2, paragraph (1) of the New Cooperatives Act as applied mutatis mutandis pursuant to Article 9-9, paragraph (5) of the New Cooperatives Act.

#### Article 5

A federation of cooperatives which is already engaged in activities other than mutual aid activities, activities set forth in Article 9-9, paragraph (1), item (ii) of the New Cooperatives Act, or activities incidental thereto, or those other than activities prescribed in Article 9-2, paragraph (6) of the New Cooperatives Act as applied mutatis mutandis pursuant to Article 9-9, paragraph (5) at the time of the enforcement of this Act and which is a specified federation of mutual aid associations prescribed in Article 9-9, paragraph (4) of the New Cooperatives Act may continue to engage in said activities until the day on which five years have elapsed from the enforcement date, notwithstanding the provisions of the main clause of the same paragraph.

#### Article 6

With regard to a cooperative (which means a small and medium-sized enterprise cooperative prescribed in Article 3 of the New Cooperatives Act; the same shall apply hereinafter) (excluding a fire mutual aid cooperative and a federation of cooperatives engaged in the activities set forth in Article 9-9, paragraph (1), item (iii) of the New Cooperatives Act) which is engaged in mutual aid activities at the time of the enforcement of this Act, the provisions of Article 12, paragraph (2) of the New Cooperatives Act shall not apply until the time of the conclusion of the ordinary general meeting convened for the first time on or after the enforcement date.

#### Article 7

- (1) With regard to any of the following cooperatives which exist at the time of the enforcement of this Act and whose total amount of contribution is less than ten million yen, the provisions of Article 25, paragraph (1) of the New Cooperatives Act shall not apply until the day on which five years have elapsed from the enforcement date. In this case, the provisions then in force shall remain applicable

with regard to the total amount of contribution of a fire mutual aid cooperative:

- (i) A business cooperative or a minor business cooperative which is a specified mutual aid association (excluding one engaged in the activities of reinsurance or retrocession) prescribed in Article 9-2, paragraph (7) of the New Cooperatives Act
  - (ii) A fire mutual aid cooperative
  - (iii) A federation of cooperatives which is a specified federation of mutual aid associations (excluding one engaged in the activities of reinsurance or retrocession) prescribed in Article 9-9, paragraph (4) of the New Cooperatives Act
- (2) With regard to a business cooperative or a minor business cooperative which is already a specified mutual aid association (limited to one engaged in the activities of reinsurance or retrocession) prescribed in Article 9-2, paragraph (7) of the New Cooperatives Act or a federation of cooperatives which is already a specified federation of mutual aid associations (limited to one engaged in the activities of reinsurance or retrocession) prescribed in Article 9-2, paragraph (4) of the New Cooperatives Act at the time of the enforcement of this Act whose total amount of contribution is less than thirty million yen, the provisions of Article 25, paragraph (2) of the New Cooperatives Act shall not apply until the day on which five years have elapsed from the enforcement date.
- (3) With regard to a federation of cooperatives which is already engaged in the activities set forth in Article 9-9, paragraph (1), item (iii) of the New Cooperatives Act at the time of the enforcement of this Act and whose total amount of contribution is less than fifty million yen, the provisions of Article 25, paragraph (3) of the New Cooperatives Act shall not apply until the day on which five years have elapsed from the enforcement date. In this case, the provisions then in force shall remain applicable to the total amount of contribution of the federation of cooperatives.

#### Article 8

With regard to a cooperative (excluding a fire mutual aid cooperative and a federation of cooperatives engaged in the activities set forth in Article 9-9, paragraph (1), item (iii) of the New Cooperatives Act) which is already engaged in mutual activities at the time of the enforcement of this Act, the provisions of Article 33, paragraph (2) of the New Cooperatives Act shall not apply until the time of the conclusion of the ordinary general meeting convened for the first time on or after the enforcement date.

#### Article 9

With regard to a cooperative which already exists at the time of the enforcement of this Act and which is a cooperative prescribed in Article 35, paragraph (6) of the New Cooperatives Act, the provisions of the same paragraph shall not apply until the time of the conclusion of the ordinary general meeting concerning settlement of the accounts for the first business year ending on or after the enforcement date.



#### Article 10

With regard to the term of office of an officer of a cooperative or a federation of small business associations prescribed in Article 70 of the New Cooperatives Act which already exists at the time of the enforcement of this Act, who is in office prior to the conclusion of the ordinary general meeting concerning settlement of the accounts for the first business year ending on or after the enforcement date, the provisions then in force shall remain applicable after the enforcement of this Act.

#### Article 11

With regard to a cooperative which already exists at the time of the enforcement of this Act, the provisions of Article 36-3 of the New Cooperatives Act shall apply from the time of the conclusion of the ordinary general meeting concerning settlement of the accounts for the first business year ending on or after the enforcement date, and the provisions then in force shall remain applicable prior to the conclusion of said ordinary general meeting.

#### Article 12

With regard to a cooperative which already exists at the time of the enforcement of this Act, the provisions of Article 36-7 of the New Cooperatives Act shall apply from the time of the conclusion of the ordinary general meeting concerning settlement of the accounts for the first business year ending on or after the enforcement date, and the provisions then in force shall remain applicable prior to the conclusion of said ordinary general meeting.

#### Article 13

With regard to liability for damages based on an act committed by an officer prior to the enforcement date under the provisions of the Small and Medium-Sized Enterprise Cooperatives Act prior to the revision by the provisions of Article 1 (hereinafter referred to as "Old Cooperatives Act"), the provisions then in force shall remain applicable.

#### Article 14

With regard to a cooperative which already exists at the time of the enforcement of this Act and which is a cooperative prescribed in Article 40-2, paragraph (1) of the New Cooperatives Act, the provisions of Article 40-3 of the New Cooperatives Act shall not apply until the time of the conclusion of the ordinary general meeting concerning settlement of the accounts for the first business year ending on or after the enforcement date.

#### Article 15

A cooperative engaged in mutual aid activities or a cooperative other than one engaged in mutual aid activities (excluding a credit cooperative and a federation of cooperatives engaged in the activities set forth in Article 9-9, paragraph (1), item (i) of the New Cooperatives Act) which is already investing the surplus funds that were accrued during the course of its activities by a method other than the methods

prescribed in Article 57-5 of the New Cooperatives Act at the time of the enforcement of this Act and whose total number of partner (partner of the member cooperatives in the case of a federation of cooperatives) exceeds the standard specified by a Cabinet Order set forth in Article 35, paragraph (6) of the New Cooperatives Act shall dispose of its assets pertaining to said investment by the day on which three years have elapsed from the enforcement date.

#### Article 16

(1) The provisions of Article 58, paragraph (1) and paragraph (5) of the New Cooperatives Act shall apply to the setting aside of reserve funds pertaining to a business year starting on or after the enforcement date, and the provisions then in force shall remain applicable to the setting aside of reserve funds pertaining to a business year starting prior to the enforcement date.

(2) With regard to a cooperative which already exists at the time of the enforcement of this Act, the provisions of Article 58, paragraph (2) of the New Cooperatives Act shall apply from the time of the conclusion of the ordinary general meeting convened for the first time on or after the enforcement date, and the provisions then in force shall remain applicable prior to the conclusion of said ordinary general meeting.

#### Article 17

The provisions of Article 58-2 of the New Cooperatives Act shall apply to the division of accounting pertaining to a business year starting on or after the enforcement date, and the provisions then in force shall remain applicable to the division of accounting pertaining to a business year starting prior to the enforcement date.

#### Article 18

The provisions of Article 58 of the New Cooperatives Act shall apply to the investment of funds pertaining to a business year starting on or after the enforcement date.

#### Article 19

The provisions of Article 58-6 of the New Cooperatives Act shall not apply to a cooperative which already exists at the time of the enforcement of this Act, and which is not a cooperative prescribed in paragraph (1) of the same Article, until the day on which six months have elapsed from the enforcement date.

#### Article 20

The provisions of Article 58-7 of the New Cooperatives Act shall apply to the duties of a mutual aid actuary concerning matters pertaining to a business year starting on or after the day on which the mutual aid actuary has been appointed.

#### Article 21

The provisions of Article 61-2, paragraph (1) and paragraph (2) of the New Cooperatives Act shall apply to explanatory documents pertaining to a business year starting on or after the enforcement date.

## Article 22

With regard to a cooperative which already exists at the time of the enforcement of this Act, the provisions of Article 105-2, paragraph (2) of the New Cooperatives Act shall apply to the business year following the first business year ending on or after the enforcement date.

## Article 23

With regard to a cooperative which already exists at the time of the enforcement of this Act, the provisions of Article 106-3 of the New Cooperatives Act shall not apply until the day on which six months have elapsed from the enforcement date.

## Article 53 (Effects of Dispositions, etc.)

A disposition, procedure, or any other act issued or carried out pursuant to the provisions of the Old Cooperatives Act, the Old Export and Import Act, the Old Export Fisheries Processing Act, the Old Association Act, the Old Mining and Manufacturing Cooperative Act, or the Old Shopping District Cooperatives Act shall be deemed to have been issued or carried out pursuant to the corresponding provisions of the New Cooperatives Act, the New Export and Import Act, the New Export Fisheries Processing Act, the New Association Act, the New Mining and Manufacturing Cooperative Act, or the New Shopping District Cooperatives Act.

## Article 54 (Transitional Measures Concerning Penal Provisions)

With regard to the application of penal provisions to an act committed prior to the enforcement of this Act or an act committed after the enforcement of this Act in the case where 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 55 (Delegation to a Cabinet Order)

In addition to what is provided for in Articles 2 to 52 of the Supplementary Provisions and the preceding Article, transitional measures necessary in line with the enforcement of this Act shall be specified by a Cabinet Order.

## Article 56 (Review)

The government shall, when five years have elapsed from the enforcement of this Act, review the status of the implementation of this Act, and shall, when it finds it necessary, take necessary measures based on the results of the review.

## Supplementary Provisions (Act No. 109 of December 15, 2006) (Extract)

This Act shall come into effect as from the day of enforcement of the New Trust Act.

## Supplementary Provisions (Act No. 58 of May 25, 2007) (Extract)

### Article 1 (Effective Date)

This Act shall come into effect as from October 1, 2008.

Article 8 (Transitional Measures Concerning Penal Provisions)

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

Article 9 (Delegation to a Cabinet Order)

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

Article 10 (Adjustment Provisions)

In the case where this Act and the Stock Company Shoko Chukin Bank Act (Act No.        of 2007), the Stock Company Development Bank of Japan Act (Act No.        of 2007), or the Act on the Financial Institution for Local Publicly Managed Enterprises, etc. (Act No.        of 2007) have provisions revising the provisions of the same Act, if said revising provisions come into effect on the same day, the provisions of said Act shall be revised first by the Stock Company Shoko Chukin Bank Act, the Stock Company Development Bank of Japan Act, or the Act on the Financial Institution for Local Publicly Managed Enterprises, etc., and then revised by this Act.

Supplementary Provisions (Act No. 74 of June 1, 2007) (Extract)

Article 1 (Effective Date)

This Act shall come into effect as from October 1, 2008; provided, however, that the provisions listed in the following items shall come into effect as from the dates respectively specified in those items:

- (i) The provisions of Articles 3 to 22, Articles 25 to 30, Article 101, and Article 102 of the Supplementary Provisions-The date specified by a Cabinet Order within a period not exceeding six months from the day of promulgation

Article 52 (Transitional Measures in Line with Partial Revision of the Small and Medium-Sized Enterprise Cooperatives Act)

With regard to the application of the provisions of the Small and Medium-Sized Enterprise Cooperatives Act to short term commercial and industrial bonds issued prior to the enforcement date by a juridical person prior to the conversion, said short term commercial and industrial bonds shall be deemed to be short term company bonds, etc. prescribed in Article 9-8, paragraph (6), item (i) of the same Act.

Article 100 (Transitional Measures Concerning Punishment, etc.)

A disposition, procedure, or any other act issued or carried out prior to the enforcement of this Act pursuant to a relevant Act prior to the revision (including an order based thereon; hereinafter the same shall apply in this Article) for which corresponding provisions exist in the relevant Act after the revision shall be deemed to have been issued or carried out pursuant to the corresponding provisions of the relevant Act after the revision, except as otherwise provided for by these Supplementary Provisions.

Article 101 (Transitional Measures Concerning Application of Penal Provisions)

With regard to the application of penal provisions to an act committed prior to the enforcement of this Act (with regard to the provisions listed in the items of Article 1 of the Supplementary Provisions, said provisions) or an act committed after the enforcement of this Act in the case where the provisions then in force shall remain applicable pursuant to the provisions of these Supplementary Provisions or in the case where the provisions shall remain in force pursuant to the provisions of these Supplementary Provisions, the provisions then in force shall remain applicable.

Article 102 (Delegation of Other Transitional Measures to a Cabinet Order)

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