

## Act on Book-entry Transfer of Corporate Bonds and Shares

(Act No. 75 of 27 June 2001)

(Date of last revision: Act No. 65 of 13 June 2008)

コメント [CL1]: “Etc.” is clumsy English and does not belong in the name or titles or heading of legislation. The fact that names, titles and headings are not exhaustive is obvious – no name, title or heading is or can ever be exhaustive.

Chapter 1. General Provisions (Articles 1 and 2) (omitted)

Chapter 2. Book-entry Transfer Institutions etc. (omitted)

コメント [CL2]: As this is a defined term (in Chapter 2) the “etc.” cannot be omitted.

Section 1. Common Provisions (Article 3 to Article 7)

Section 2. Business (Article 8 to Article 14)

Section 3. Supervision (Article 15 to Article 24)

Section 4. Mergers, Splits and Business Transfers (Article 25 to Article 32)

Section 5. Participants’ Meetings (Article 33 to Article 39)

Section 6. Dissolution (Article 40 to Article 43)

Section 7. Account Management Institutions (Article 44 to Article 46)

Section 8. Special Provisions for when the Bank of Japan conducts Book-entry Transfer Operations (Article 47 to Article 50)

Chapter 3. Participants’ Protection Trust (omitted)

Section 1. Participants’ Protection Trust Contract (Article 51 to Article 57)

Section 2. Payments to Beneficiaries (Article 58 to Article 61-2)

Section 3. Contributions (Article 62 to Article 64)

Section 4. Miscellaneous Provisions (Articles 65 and 65-2)

Chapter 4. Book-entry Transfer of Corporate Bonds (omitted)

Section 1. Common Provisions (Articles 66 and 67)

Section 2. Registry of Book-entry Transfer Accounts (Article 68 to Article 72)

Section 3. Effect of Book-entry Transfers (Article 73 to Article 82)

Section 4. Special Provisions of the *Companies Act* (Article 83 to Article 86-3)

Section 5. Miscellaneous Provisions (Article 87)

コメント [CL3]: Italics for the names of cases and legislation and publications break up the text, make reading faster and comprehension easier in English. It is also a long accepted custom. Performs same function as kanji in kanamajiri (easier to read than pure kana).

Chapter 5. Book-entry Transfer of Government Bonds (omitted)

Section 1. Common Provisions (Article 88 to Article 90)

Section 2. Registry of Book-entry Transfer Accounts (Article 91 to Article 97)

Section 3. Effect of Book-entry Transfers (Article 98 to Article 111)

Section 4. Miscellaneous Provisions (Article 112)

Chapter 6. Book-entry Transfer of Municipal Bonds (omitted)

Section 1. Book-entry Transfer of Municipal Bonds (Articles 113 and 114)

Section 2. Book-entry Transfer of Investment Corporation Bonds (Article 115 to Article 116-2)

Section 3. Book-entry Transfer of Mutual Company Corporate Bonds (Articles 117 and 117-2)

Section 4. Book-entry Transfer of Specified Corporate Bonds (Articles 118 and 119)

Section 5. Book-entry Transfer of Special Corporate Bonds (Article 120)

Section 6. Book-entry Transfer of Investment Trusts and Foreign Investment Trust Beneficiary Rights (Article 121 to Article 121-3)

Section 7. Book-entry Transfer of Loan Trust Beneficiary Rights (Article 122 to Article 123-2)

Section 8. Book-entry Transfer of Special Purpose Trust Beneficiary Rights (Article 124 to Article 126)

Section 9. Book-entry Transfer of Foreign Bonds (Article 127)

Chapter 6-2. Book-entry Transfer of Beneficiary Certificate Issuance Trust Beneficiary Rights (omitted)

Section 1. Common Provisions (Articles 127-2 and 127-3)

Section 2. Registry of Book-entry Transfer Accounts (Article 127-4 to Article 127-15)

Section 3. Effect of Book-entry Transfer (Article 127-16 to Article 127-25)

Section 4. Special Provisions of the *Trust Act* (Article 127-26 to Article 127-31)

Section 5. Miscellaneous Provisions (Article 127-32)

Chapter 7. Book-entry Transfer of Shares

Section 1. Common Provisions (Article 128)

Section 2. Registry of Book-entry Transfer Accounts (Article 129 to Article 139)

Section 3. Effect of Book-entry Transfer (Article 140 to Article 149)

Section 4. Special Provisions of the *Companies Act* (Article 150 to Article 161)

コメント [CL4]: This number was 1614 in the Japanese text – likely to have been an error.

- Section 5. Miscellaneous Provisions (Article 162)
- Chapter 8. Book-entry Transfer of Share Options
  - Section 1. Common Provisions (Articles 163 and 164)
  - Section 2. Registry of Book-entry Transfer Accounts (Article 165 to Article 173)
  - Section 3. Effect of Book-entry Transfer (Article 174 to Article 182)
  - Section 4. Special Provisions of the *Companies Act* (Article 183 to Article 190)
  - Section 5. Miscellaneous Provisions (Article 191)
- Chapter 9. Book-entry Transfer of Corporate Bonds with Share Options
  - Section 1. Common Provisions (Articles 192 and 193)
  - Section 2. Registry of Book-entry Transfer Accounts (Article 194 to Article 204)
  - Section 3. Effect of Book-entry Transfer (Article 205 to Article 214)
  - Section 4. Special Provisions of the *Companies Act* (Article 215 to Article 224)
  - Section 5. Miscellaneous Provisions (Article 225)
- Chapter 10. Book-entry Transfer of Investment Units
  - Section 1. Book-entry Transfer of Investment Units (Article 226 to Article 233)
  - Section 2. Book-entry Transfer of Preferred Investments of Cooperative Financial Institutions (Article 234 to Article 236)
  - Section 3. Book-entry Transfer of Preferred Investments of Special Purpose Companies (Article 237 to Article 247)
  - Section 4. Book-entry Transfer of Subscription Rights of New Preferred Investments of Special Purpose Companies (Articles 248 and 249)
  - Section 5. Book-entry Transfer of Converted Specified Corporate Bonds of Special Purpose Companies (Article 250 to Article 252)
  - Section 6. Book-entry Transfer of Specified Corporate Bonds with Subscription Rights of New Preferred Investments of Special Purpose Companies (Article 253 to Article 255)
- Chapter 11. Book-entry Transfers pertaining to Organizational Changes (omitted)

Section 1. Book-entry Transfers pertaining to Organizational Changes under the *Act on Mergers and Conversions of Financial Institutions* (Article 256 to Article 262)

Section 2. Book-entry Transfers pertaining to Organizational Changes under the *Insurance Business Act* (Article 263 to Article 269)

Section 3. Book-entry Transfers pertaining to Mergers under the *Financial Instruments and Exchange Act* (Article 270 to Article 275)

Chapter 12. Book-entry Transfer of other Rights that should be indicated on Securities (Article 276) (omitted)

Chapter 13. Miscellaneous Provisions (Article 277 to Article 287) (omitted)

Chapter 14. Penal Provisions (Article 288 to Article 297) (omitted)

Supplementary Provisions (omitted)

(Omitted)

## **Chapter 7. Book-entry Transfer of Shares**

### **Section 1. Common Provisions**

Article 128

- (1) The ownership of rights in relation to shares in a company with articles of incorporation that do not prescribe the issuance of share certificates (excluding shares with transfer restrictions), and are handled by a Book-entry Transfer Institution (hereinafter referred to as “Book-entry Transfer Shares”), shall be prescribed by entry or recording in a registry of book-entry transfer accounts pursuant to the provisions of this chapter.
- (2) In order for an issuer to give the consent referred to in Article 13(1) in relation to its shares, the consent of all the incorporators or a resolution of the board of directors must be obtained.

### **Section 2. Registry of Book-entry Transfer Accounts**

コメント [GL5]: More natural than the FSA version of the English name. (We do not string many nouns together in English connected only by a possessive apostrophe)

(Matters to be Entered or Recorded in the Registry of Book-entry Transfer Accounts)

Article 129

- (1) The accounts for each Participant in a registry of book-entry transfer accounts shall be kept separate.
- (2) The accounts of an Account Management Institution within a registry of book-entry transfer accounts shall be separated into the following categories:
  - (i) Accounts for which the Account Management Institution is entered or recorded as having rights in relation to Book-entry Transfer Shares (hereinafter referred to as “Proprietary Accounts” in this chapter);
  - (ii) Accounts for which Participants in the Account Management Institution or **in its Subordinate Institution** are entered or recorded as having rights in relation to Book-entry Transfer Shares (hereinafter referred to as “Customer Accounts” in this chapter).
- (3) The following matters shall be entered or recorded in each account (excluding Customer Accounts) within the registry of book-entry transfer accounts:
  - (i) The names and addresses of Participants;
  - (ii) The trade name of the issuer and, if the issuer is a company with class shares, the class of the Book-entry Transfer Shares (hereinafter referred to as the “Issue” in this chapter);
  - (iii) The quantity of each Issue (excluding the matters listed in the following item);
  - (iv) When a Participant is a pledgee, a statement to that effect, the quantity of each Issue of Book-entry Transfer Shares that is the object of the pledge, the quantity for each shareholder included in that quantity, and the names and addresses of **the** shareholders;
  - (v) When a Participant is a trustee of a trust, a statement to that effect, and the quantity of trust assets included in the quantities referred to in the preceding two items;

コメント [CL6]: Suggest this more natural alternative for “lower positioned”.

コメント [CL7]: It is a good idea to avoid ‘the’, ‘said’, ‘thus’, ‘thereby’, ‘whereby’, ‘wherefore’ and so on in legislation in English. These are all antiquated expressions and form a barrier to many potential readers. Simple use of “the” will usually be enough to convey the meaning clearly.

- (vi) When an increase or decrease in quantity referred to in Item (iii) or Item (iv) is entered or recorded, whether it was an increase or a decrease, the quantity of increase or decrease, and the date of the entry or record;
  - (vii) Other matters specified by Cabinet Order.
- (4) The following matters shall be entered or recorded in Customer Accounts in the registry of book-entry transfer accounts:
- (i) The matters listed in Items (i) and (ii) of the preceding paragraph;
  - (ii) The quantity of each Issue;
  - (iii) Other matters specified by Cabinet Order.
- (5) Where a Book-entry Transfer Institution establishes Institutional Accounts, an Institutional Account category shall be set up in the registry of book-entry transfer accounts in which the following matters shall be entered or recorded:
- (i) Issues;
  - (ii) The quantity of each Issue;
  - (iii) Other matters specified by Cabinet Order.
- (6) A registry of book-entry transfer accounts may be created by electromagnetic records (limited to those provided for by Ordinance of the competent Ministry).

(Procedures for New Entries or Records at the Time of Issue of Book-entry Transfer Shares)

#### Article 130

- (1) An issuer of a specific Issue of Book-entry Transfer Shares shall notify the Book-entry Transfer Institution to which the issuer has given the consent referred to in Article 13(1), of the following matters, without delay after the date on which the Book-entry Transfer Shares were issued (or where the issuer gives the consent referred to in Article 13(1) in relation to its shares after the incorporation of the company, after the date on which the consent was given (hereinafter referred to as “Consent after Incorporation” in this paragraph)):
- (i) The Issue of Book-entry Transfer Shares pertaining to the issue or Consent after Incorporation;

- (ii) The name of the Participants who are shareholders or Registered Pledges (referring to the registered pledgees of shares prescribed in Article 152(1) of the *Companies Act*; the same shall apply hereinafter) of the Book-entry Transfer Shares referred to in the preceding item;
  - (iii) The accounts established for the Participants referred to in the preceding item for the purpose of conducting book-entry transfer of the Book-entry Transfer Shares referred to in Item (i);
  - (iv) The quantity of the Book-entry Transfer Shares referred to in Item (i) for each Participant (except for those listed in the following item);
  - (v) When a Participant is a Registered Pledgee, a statement to that effect, the quantity of the Book-entry Transfer Shares referred to in Item (i) that is the object of pledge for each Participant, and the quantity for each shareholder included in that quantity;
  - (vi) The names and addresses of the shareholders referred to in the preceding item;
  - (vii) When a Participant is a trustee of a trust, a statement to that effect, and the quantity of trust assets included in the quantities referred to in Item (iv) and Item (v);
  - (viii) The matters listed in Paragraph (3)(vii) of the preceding article that are specified by Cabinet Order as matters that should be known to an issuer;
  - (ix) The total quantity of the Book-entry Transfer Shares referred to in Item (i), and other matters provided for by Ordinance of the competent Ministry.
- (2) Where the notice referred to in the preceding paragraph has been given, the Book-entry Transfer Institution that received the notice shall immediately execute the following measures in relation to the Issue of Book-entry Transfer Shares pertaining to the notice.
- (i) Where the Book-entry Transfer Institution has established an account referred to in Item (iii) of the preceding paragraph, entering or recording the following matters:
    - (a) An entry or record of the increase in the quantity referred to in Item (iv) of the preceding paragraph pertaining to the Participants

コメント [CL8]: All these instances of “referred to in X” could be simplified to just “in X” if desired. Would shorten the English version of this legislation considerably if this substitution was made.

コメント [CL9]: The SBD uses “total number”. I think “quantity” is clearer – and should be added to the SBD as an option for translating 数

コメント [CL10]: No real reason to use first letter capitals for all three words here (Ordinance, Competent, Ministry). This is not a defined term and it is not a proper noun either. When the Japanese term = competent Minister (as early in the BEA) then “Minister” should definitely be capitalized, but there is no reason to capitalize “competent”. Suspect authors of SBD would like to capitalize “Ordinance”.

- referred to in Item (ii) of the same paragraph (limited to the shareholders referred to in the same item) in the column where the matters listed in Paragraph (3)(iii) of the preceding article are entered and recorded for the account (hereinafter referred to as the “Holdings Column” in this chapter);
- (b) An entry or record of the increase in the quantity of the Book-entry Transfer Shares referred to in Item (v) of the preceding paragraph pertaining to the Participants referred to in Item (ii) of the same paragraph (limited to the Registered Pledges referred to in the same item), and the quantity for each shareholder included in that quantity, in the column where the matters listed in Paragraph (3)(iv) of the preceding article are entered and recorded for that account (hereinafter referred to as the “Pledges Column” in this chapter);
  - (c) An entry or record of the matters listed in Item (vi) of the preceding paragraph in the Pledges Column in that account;
  - (d) An entry or record of the increase in the quantity of trust assets referred to in Item (vii) of the preceding paragraph in that account;
  - (e) An entry or record of the matters listed in Item (viii) of the preceding paragraph in that account.
- (ii) Where the Book-entry Transfer Institution has not established an account referred to in Item (iii) of the preceding paragraph, entering or recording the increase in the quantity obtained by adding the quantity of the Book-entry Transfer Shares referred to in Item (v) of the same paragraph to the quantity referred to in Item (iv) of the same paragraph pertaining to the Participants in Customer Accounts that are accounts at the Closest Subordinate Institution of the Book-entry Transfer Institution that is the Superior Institution of the Participants referred to in Item (ii) of the same paragraph, and giving notice to the Closest Subordinate Institution of the matters listed in Items (i) through (viii) of the same paragraph.
- (3) Where notice has been given under Item (ii) of the preceding paragraph, the provisions of the preceding paragraph shall apply *mutatis mutandis* to an Account

コメント [CL11]: Italicisation of Latin terms adds clarity.



Management Institution that has received that notice (including where applied *mutatis mutandis* pursuant to this paragraph).

(Procedures where the Company Cannot Know a Shareholder's Account)

Article 131.

(1) Where a company seeks to issue a specific Issue of Book-entry Transfer Shares, and the company cannot know the account established for the shareholder or Registered Pledgee of the Book-entry Transfer Shares for the purpose of conducting book-entry transfer of the Book-entry Transfer Shares, the company (where the Book-entry Transfer Shares are issued at the time of a consolidation-type merger, or in other cases provided for by Ordinance of the competent Ministry, the person provided for by Ordinance of the competent Ministry as a person equivalent to the company; hereinafter referred to as the "Person Giving Notice" in this article) shall notify the person who is to be the shareholder or Registered Pledgee of the Book-entry Transfer Shares as provided for by Ordinance of the competent Ministry, of the following matters by one month prior to the date specified in Item (i):

- (i) That the company will give the notice referred to in Paragraph (1) of the preceding article or apply for book-entry transfer in relation to the shareholders (when there are Registered Pledges, excluding the shareholders of shares that are the object of pledges) and Registered Pledgees of the Book-entry Transfer Shares, on a specified date;
- (ii) That the Person Giving Notice is to be notified, by the specified date referred to in the preceding item, of accounts (excluding accounts established by Book-entry Transfer Institutions, etc. through requests referred to in the main clause of Paragraph (3)) established for the shareholders or Registered Pledgees referred to in the same item for the purpose of conducting book-entry transfer of the Book-entry Transfer Shares;

**コメント [CL12]:** It seems that 株主等 is not a defined term. This allows the "etc." to be dropped from the English. If desired, this heading could read "...Cannot Know a Shareholder's or Pledgee's Account"

**コメント [CL13]:** This could be "Notifying Party" if preferred. Shorter is always better for defined terms that must be used in long complex sentences as nouns.

- (iii) The names and addresses of Book-entry Transfer Institutions, etc. that establish accounts through requests referred to in the main clause of Paragraph (3);
- (iv) Other matters provided for by Ordinance of the competent Ministry.
- (2) Where the Person Giving Notice referred to in the preceding paragraph is a person other than the company referred to in the same paragraph, the Person Giving Notice shall notify the company, on the specified date referred to in Item (i) of the same paragraph, of the accounts referred to in Item (ii) of the same paragraph of which the shareholders or Registered Pledges referred to in Item (i) of the same paragraph have been notified.
- (3) Where a shareholder or a Registered Pledgee referred to in Paragraph (1)(i) has not notified the Person Giving Notice of the account referred to in Item (ii) of the same paragraph by the date specified in Item (i) of the same paragraph, the company shall make a request to a Book-entry Transfer Institution, etc. referred to in Item (iii) of the same paragraph that an account for conducting book-entry transfer of the Book-entry Transfer Shares be established for the shareholder or Registered Pledgee (hereinafter referred to as a “Special Account” in this chapter); provided, however, this shall not apply when there is a Special Account that the company has requested be established for the shareholder or Registered Pledgee.
- (4) Where the company is the issuer of the shares pertaining to the Book-entry Transfer Shares referred to in Paragraph (1), and when the consent referred to in Article 13(1) has not been given by the date specified in Paragraph (1)(i), the company shall promptly give the Book-entry Transfer Institution the consent referred to in **Article 13(1)** in relation to the shares.
- (5) In the cases prescribed in Paragraph (1), when the company gives the notice referred to in Paragraph (1) of the preceding article, the company shall give the notice referred to in Paragraph (1), with the account referred to in Item (ii) of the same paragraph that the company received notice of from the shareholder or Registered Pledgee referred to in Item (i) of the same paragraph as the account referred to in Paragraph (1)(iii) of the same Article (when no notice is received, the Special Account that the company requested be established).

コメント [CL14]: Better for the reader if this provision is specified here instead of using “the consent referred to in the same paragraph”.

(Book-entry Transfer Procedures)

Article 132.

- (1) Where an application for book-entry transfer is made in relation to a specific Issue of Book-entry Transfer Shares, the Book-entry Transfer Institution, etc. shall enter or record or give notice of the decrease or increase in the quantity in the registry of book-entry transfer accounts that it maintains, pursuant to the matters indicated in the application pursuant to the provisions of Paragraph (3), pursuant to the provisions of Paragraphs (4) through (8).
- (2) Except where specifically prescribed elsewhere in this Act, the application referred to in the preceding paragraph shall be made by the Participant, in whose account (excluding a Customer Account) an entry or record of decrease in quantity is made as a result of book-entry transfer, to his or her Closest Superior Institution.
- (3) A person who makes an application referred to in Paragraph (1) shall indicate the following matters in the application:
  - (i) The Issue and quantity of Book-entry Transfer Shares in relation to which a decrease or an increase in quantity is to be entered or recorded in relation to the book-entry transfer;
  - (ii) Whether the entry or record of a decrease in quantity is to be made in the Holdings Column or the Pledges Column in the account of the Participant referred to in the preceding paragraph;
  - (iii) Where the entry or record of a decrease in the quantity in the account referred to in the preceding item is made in the Pledges Column, the shareholders' names and addresses in relation to the Book-entry Transfer Shares that are to be entered or recorded, and the quantity for each shareholder included in the quantity referred to in Item (i) (hereinafter referred to as the "Book-entry Transfer Quantity" in this article);
  - (iv) The account in which an increase in quantity is to be entered or recorded (excluding Customer Accounts; hereinafter referred to as "Book-entry Transferee Accounts" in this chapter);

- (v) Whether the entry or record of a increase in quantity is to be made in the Holdings Column or the Pledges Column in the Book-entry Transferee Account (excluding Institutional Accounts);
  - (vi) Where the entry or record of an increase in the quantity in a Book-entry Transferee Account (excluding Institutional Accounts) is made in a Pledges Column, the quantity for each shareholder included in the Book-entry Transfer Quantity, and the names and addresses of the shareholders.
- (4) Where an application referred to in Paragraph (1) has been submitted, the Book-entry Transfer Institution, etc. that received the application shall execute the following measures without delay.
- (i) Entering or recording the following matters in the Holdings Column or the Pledges Column indicated pursuant to the provisions of Item (ii) of the preceding paragraph in the account of the Participant referred to in Paragraph (2):
    - (a) An entry or record of the decrease in the Book-entry Transfer Quantity;
    - (b) Where the entry or record of the decrease referred to in (a) above is made in a Pledges Column, an entry or record of the decrease in the quantity for each shareholder referred to in Item (iii) of the preceding paragraph.
  - (ii) Where the Book-entry Transfer Institution, etc. is not the Common Closest Superior Institution pertaining to the book-entry transfer, notifying the Closest Superior Institution of the matters indicated pursuant to the provisions of Item (i) and Items (iv) through (vi) of the preceding paragraph;
  - (iii) Where the Book-entry Transfer Institution, etc. is the Common Closest Superior Institution pertaining to the book-entry transfer, and has established a Book-entry Transferee Account, entering or recording the increase in the Book-entry Transfer Quantity in the Holdings Column or the Pledges Column in the Book-entry Transferee Account (for an Institutional Account, a column where matters listed in Article 129(5)(ii)

- are entered or recorded; hereinafter referred to as the “Book-entry Transferee Column” in this article) as indicated pursuant to the provisions of Item (v) of the preceding paragraph;
- (iv) In the cases referred to in the preceding item, when the Book-entry Transferee Column is a Pledges Column, entering or recording the following matters in the Pledges Column:
- (a) An entry or record of the increase in the quantity for each shareholder referred to in Item (vi) of the preceding paragraph;
  - (b) An entry or record of the names and addresses of the shareholders.
- (v) Where the Book-entry Transfer Institution, etc. is the Common Closest Superior Institution pertaining to the book-entry transfer, and has not established a Book-entry Transferee Account, entering or recording the increase in the Book-entry Transfer Quantity in the Customer Account that is the account of its Closest Subordinate Institution that is the Superior Institution of the Participant in the Book-entry Transferee Account, and notifying the Closest Subordinate Institution of the matters indicated pursuant to the provisions of in Item (i) and Items (iv) through (vi) of the preceding paragraph.
- (5) Where the notice referred to in Item (ii) of the preceding paragraph has been given, the Book-entry Transfer Institution, etc. that received the notice shall immediately execute the following measures:
- (i) Entering or recording the decrease in the Book-entry Transfer Quantity in the Customer Account that is the account of the Account Management Institution that gave the notice;
  - (ii) Where the Book-entry Transfer Institution, etc. is not the Common Closest Superior Institution pertaining to the book-entry transfer, notifying the Closest Superior Institution of the matters in the notice received pursuant to the provisions of Item (ii) of the preceding paragraph;
  - (iii) Where the Book-entry Transfer Institution, etc. is the Common Closest Superior Institution pertaining to the book-entry transfer, and has established a Book-entry Transferee Account, entering or recording the

- increase in the Book-entry Transfer Quantity in the Book-entry Transferee Column of the Book-entry Transferee Account;
- (iv) In the cases referred to in the preceding item, when the Book-entry Transferee Column is a Pledges Column, entering or recording the matters listed in Item (iv)(a) and (b) of the preceding paragraph in the Pledges Column;
  - (v) Where the Book-entry Transfer Institution, etc. is the Common Closest Superior Institution pertaining to the book-entry transfer, and has not established a Book-entry Transferee Account, entering or recording the increase in the Book-entry Transfer Quantity in the Customer Account that is the account of its Closest Subordinate Institution that is the Superior Institution of the Participant in the Book-entry Transferee Account, and notifying the Closest Subordinate Institution of the matters in the notice received pursuant to the provisions of Item (ii) of the preceding paragraph.
- (6) The provisions of the preceding paragraph shall apply *mutatis mutandis* to a Book-entry Transfer Institution, etc. that has received the notice referred to in Item (ii) of the same paragraph, where that notice has been given (including where applied *mutatis mutandis* pursuant to this paragraph).
- (7) Where the notice referred to in Paragraph (4)(v) or Paragraph (5)(v) (including where applied *mutatis mutandis* pursuant to the preceding paragraph; hereinafter the same shall apply in this paragraph), has been given, the Account Management Institution that received the notice shall immediately execute the following measures:
- (i) Where the Account Management Institution has established a Book-entry Transferee Account, entering or recording the increase in the Book-entry Transfer Quantity in the Book-entry Transferee Column of the Book-entry Transferee Account;
  - (ii) In the cases referred to in the preceding item, when the Book-entry Transferee Column is a Pledges Column, entering or recording the matters listed in Paragraph (4)(iv)(a) and (b) in the Pledges Column;

(iii) Where the Account Management Institution has not established a Book-entry Transferee Account, entering or recording the increase in the Book-entry Transfer Quantity in the Customer Account that is the account of the Closest Subordinate Institution that is the Superior Institution of the Participant in the Book-entry Transferee Account, and notifying the Closest Subordinate Institution of the matters in the notice received pursuant to the provisions of Paragraphs (4)(v) or (5)(v).

(8) The provisions of the preceding paragraph shall apply *mutatis mutandis* to an Account Management Institution that has received the notice referred to in Item (iii) of the same paragraph, where that notice has been given (including where applied *mutatis mutandis* pursuant to this paragraph).

(Special Provisions concerning Book-entry Transfer Procedures for Book-entry Transfer Shares Entered or Recorded in Special Accounts)

Article 133.

- (1) In relation to Book-entry Transfer Shares entered or recorded in a Special Account, the Participant may not submit an application for book-entry transfer to a Book-entry Transferee Account that is an account other than the account of the Participant or the issuer of the Book-entry Transfer Shares.
- (2) Where a person who acquired shares before the shares became Book-entry Transfer Shares, prior to the notice referred to in Article 130(1) or the application for book-entry transfer pertaining to a specific Issue of Book-entry Transfer Shares, and who has not been entered or recorded in the shareholder registry makes, or others provided for by Ordinance of the competent Ministry (hereinafter referred to as “Acquirers” in this article) make, a joint claim with the Participants in the Special Account in which the Book-entry Transfer Shares are entered or recorded following the notice or the application for book-entry transfer, the issuer shall take the following actions. The same shall apply where there is a judgment ordering the Participant to file the claim and a claim has been made by the Acquirer by attaching an authenticated or certified copy or an equivalent document provided for by Ordinance of the competent Ministry as enforceable, or

where the Ordinance of the competent Ministry prescribes that the taking of following actions pursuant to the claim filed by the Acquirer will not risk prejudice to the interests of the Participant and other interested persons:

- (i) Make a request referred to in the main clause of Article 131(3) made for the Acquirer;
  - (ii) Submit an application for book-entry transfer of the Book-entry Transfer Shares, with the account established pursuant to the request referred to in the preceding item as the Book-entry Transferee Account.
- (3) Participants other than the issuer who made a request to establish a Special Account may not apply for book-entry transfers with the Special Account as the Book-entry Transferee Account.

(Cancellation Procedures)

Article 134.

- (1) Where there an application for cancellation is submitted in relation to a specific Issue of Book-entry Transfer Shares, the Book-entry Transfer Institution, etc. shall enter or record the decrease in quantity in the registry of book-entry transfer accounts that it maintains or give notice, pursuant to the matters indicated in the application as prescribed in Paragraph (3), pursuant to the provisions of Paragraphs (4) through (6).
- (2) The application referred to in the preceding paragraph shall be made by the issuer to the Closest Superior Institution that established the account (excluding a Customer Account) in which the entry or record of the decrease will be made as a result of the cancellation.
- (3) The issuer shall indicate in the application referred to in Paragraph (1), the Issue and quantity of Book-entry Transfer Shares for which the entry or record of the decrease as a result of the cancellation is to be made.
- (4) Where an application referred to in Paragraph (1) has been submitted, the Book-entry Transfer Institution, etc. that received the application shall execute the following measures without delay:



- (i) Entering or recording the decrease in relation to the quantity referred to in the preceding paragraph in the Holdings Column in the issuer’s account;
  - (ii) Where the Book-entry Transfer Institution, etc. is the Account Management Institution, notifying the Closest Superior Institution of the matters indicated pursuant to the provisions of the preceding paragraph.
- (5) Where the notice referred to in Item (ii) of the preceding paragraph has been given, the Book-entry Transfer Institution, etc. that received the notice shall immediately execute the following measures:
- (i) Entering or recording the decrease in relation to the quantity referred to in Paragraph (3) in the Customer Account that is the account of the Account Management Institution that gave the notice;
  - (ii) Where the Book-entry Transfer Institution, etc. is the Account Management Institution, notifying the Closest Superior Institution of the matters in the notice received pursuant to the provisions of Item (ii) of the preceding paragraph.
- (6) The provisions of the preceding paragraph shall apply *mutatis mutandis* to a Book-entry Transfer Institution, etc. that has received the notice referred to in Item (ii) of the same paragraph, where that notice has been given (including where applied *mutatis mutandis* pursuant to this paragraph).

(Procedures for Cancellation in Full)

Article 135.

- (1) Where the issuer of a specific Issue of Book-entry Transfer Shares intends to cancel the entire entry or record in relation to the Book-entry Transfer Shares, the issuer shall notify the Book-entry Transfer Institution to which the issuer gave the consent referred to in Article 13(1), of the following matters, by two weeks prior to the date referred to in Item (ii):
- (i) The Issue of the Book-entry Transfer Shares;
  - (ii) The date on which the entire entry or record will be cancelled in relation to the Book-entry Transfer Shares.

コメント [OL15]: More natural than “in Entirety”

- (2) Where a notice referred to in the preceding paragraph has been given, the Book-entry Transfer Institution that received the notice shall immediately notify the Closest Subordinate Institution of the matters listed in each item of the same paragraph in relation to the Issue of Book-entry Transfer Shares pertaining to the notice.
- (3) Where the notice referred to in Paragraph (1) has been given, the Book-entry Transfer Institution that received the notice, shall cancel the entire entry or record on the date referred to in Item (ii) of the same paragraph in relation to the Book-entry Transfer Shares in the account in which the entry or record in relation to the Book-entry Transfer Shares referred to in Item (i) of the same paragraph is made (if the account is an account other than an Institutional Account or Customer Account, in the Holdings Column or the Pledges Column of the account; hereinafter referred to as the “Holdings Column, etc.” in this chapter) in the registry of book-entry transfer accounts that it maintains.
- (4) The provisions of Paragraph (2) shall apply *mutatis mutandis* to an Account Management Institution that has received the notice referred to in Paragraph (2) (including where applied *mutatis mutandis* pursuant to this paragraph).

(Procedures for Entries or Records concerning Consolidation of Book-entry Transfer Shares)

Article 136.

- (1) Where shares in relation to Book-entry Transfer Shares in a specific Issue are to be consolidated, the issuer of the Book-entry Transfer Shares shall notify the Book-entry Transfer Institution to which the issuer gave the consent referred to in Article 13(1), of the following matters, by two weeks prior to the date referred to in Item (iii):
  - (i) The Issue of Book-entry Transfer Shares pertaining to the share consolidation;
  - (ii) The ratio obtained after the ratio of the total quantity of issued shares listed in (a) below against the total quantity of issued shares listed in (b) is

subtracted from one (hereinafter referred to as the “Reduction Ratio” in this article):

- (a) The total quantity of issued Book-entry Transfer Shares after the share consolidation;
  - (b) The total quantity of issued Book-entry Transfer Shares before the share consolidation.
  - (iii) The date on which the share consolidation becomes effective;
  - (iv) The account of the issuer (when there are two or more, one of the accounts).
- (2) Where the notice referred to in the preceding paragraph has been given, the Book-entry Transfer Institution that received the notice shall immediately notify the Closest Subordinate Institution of the matters listed in each item of the same paragraph to in relation to the Issue of Book-entry Transfer Shares pertaining to the notice.
- (3) Where the notice referred to in Paragraph (1) has been given, the Book-entry Transfer Institution that received the notice, shall enter or record the decrease in relation to quantities, obtained after multiplying the respective quantities entered or recorded in the Holdings Column, etc. by the Reduction Ratio, on the date referred to in Item (iii) of the same paragraph, in the Holdings Column, etc. in which the Book-entry Transfer Shares referred to in Item (i) of the same paragraph are entered or recorded in the registry of book-entry transfer accounts that it maintains.
- (4) The provisions of Paragraph (2) shall apply *mutatis mutandis* to an Account Management Institution that has received the notice referred to in Paragraph (2) (including where applied *mutatis mutandis* pursuant to this paragraph).
- (5) Where a Book-entry Transfer Institution enters or records a decrease in quantity pursuant to Paragraph (3) (including where applied *mutatis mutandis* pursuant to the preceding paragraph; hereinafter the same shall apply in this paragraph) and a fraction of less than one is entered or recorded in the Holdings Column, etc. prescribed in Paragraph (3), notwithstanding the provisions of the same paragraph, the Book-entry Transfer Institution, etc. shall make entries or records as specified

by Cabinet Order in the Holdings Column, etc. of a Participant in the Holdings Column, etc., or the Holdings Column of an account referred to in Paragraph (1)(iv), in lieu of what should be entered or recorded in the Holdings Column, etc., and the Book-entry Transfer Institution shall provide its Subordinate Institution with necessary instructions, as specified by Cabinet Order, for making the entries or records. In this case, the Subordinate Institution shall execute measures in accordance with those instructions.

(Procedures for Entries or Records concerning Splitting of Book-entry Transfer Shares)  
Article 137.

- (1) Where shares in relation to Book-entry Transfer Shares in a specific Issue are to be split, the issuer of the Book-entry Transfer Shares shall notify the Book-entry Transfer Institution to which the issuer gave the consent referred to in Article 13(1), of the following matters, by two weeks prior to the date on which the split becomes effective:
  - (i) The Issue of Book-entry Transfer Shares pertaining to the share split;
  - (ii) The ratio of the total quantity of issued shares listed in (a) below against the total quantity of issued shares listed in (b) (hereinafter referred to as the "Increase Ratio" in this article);
    - (a) The total quantity of the Book-entry Transfer Shares that the shareholder receives pursuant to the share split;
    - (b) The total quantity of the issued Book-entry Transfer Shares before the share split.
  - (iii) The Record Date pertaining to the share split (referring to the the Record Date prescribed in Article 124(1) of the *Companies Act*; hereinafter the same shall apply in this chapter) and the date on which share split will become effective;
  - (iv) The account of the issuer (when there are two or more, one of the accounts).
- (2) Where the notice referred to in the preceding paragraph has been given, the Book-entry Transfer Institution that received the notice shall immediately notify the

Closest Subordinate Institution of the matters listed in each item of the same paragraph to in relation to the Issue of Book-entry Transfer Shares pertaining to the notice.

- (3) Where the notice referred to in Paragraph (1) has been given, the Book-entry Transfer Institution that received the notice, shall enter or record the increase in relation to quantities, obtained after multiplying the respective quantities entered or recorded in the Holdings Column, etc. by the Increase Ratio, on the date on which the share split becomes effective, in the Holdings Column, etc. in which the Book-entry Transfer Shares referred to in Item (i) of the same paragraph as of the Record Date referred to in Item (iii) of the same paragraph are entered or recorded in the registry of book-entry transfer accounts that it maintains.
- (4) The provisions of Paragraph (2) shall apply *mutatis mutandis* to an Account Management Institution that has received the notice referred to in Paragraph (2) (including where applied *mutatis mutandis* pursuant to this paragraph).
- (5) Where a Book-entry Transfer Institution enters or records an increase in quantity pursuant to Paragraph (3) (including where applied *mutatis mutandis* pursuant to the preceding paragraph; hereinafter the same shall apply in this paragraph) and a fraction less than one is entered or recorded in the Holdings Column, etc. prescribed in Paragraph (3), notwithstanding the provisions of the same paragraph, the Book-entry Transfer Institution, etc. shall make entries or records as specified by Cabinet Order, in the Holdings Column, etc. of a Participant in the Holdings Column, etc., or the Holdings Column of an account referred to in Paragraph (1)(iv), in lieu of what should be entered or recorded in the Holdings Column, etc., and the Book-entry Transfer Institution shall provide its Subordinate Institution with necessary instructions, as specified by Cabinet Order for making the entries or records. In this case, the Subordinate Institution shall execute measures in accordance with those instructions.

(Procedures for Entries or Records where another Issue of Book-entry Transfer Shares is Issued Due to Merger etc.)

Article 138.

- (1) Where the shares of a company that becomes extinct due to merger or a company that carries out a share exchange or a share transfer (hereinafter collectively referred to as “Extinct Company, etc.” in this chapter through Chapter 9) are Book-entry Transfer Shares, and where the surviving company, etc. or newly-established company, etc. intends to issue Book-entry Transfer Shares at the time of the absorption-type merger, etc. or consolidation-type merger, etc., the Extinct Company, etc. shall notify the Book-entry Transfer Institution to which the Extinct Company, etc. gave the consent referred to in Article 13(1), of the following matters, by two weeks prior to the Effective Date of the Merger etc. In this case, the provisions of Article 130 and Article 131 shall not apply:
- (i) The Issue of Book-entry Transfer Shares issued to the shareholders of Book-entry Transfer Shares in the Extinct Company, etc. at the time of the absorption-type merger, etc. or consolidation-type merger, etc.;
  - (ii) The Issue of Book-entry Transfer Shares of the Extinct Company, etc.;
  - (iii) The ratio of the total quantity of issued shares in (a) below against the total quantity of issued shares in (b) (hereinafter referred to as the “Allotment Ratio” in this article):
    - (a) The total quantity of Book-entry Transfer Shares referred to in Item (i);
    - (b) The total quantity of issued Book-entry Transfer Shares referred to in the preceding item.
  - (iv) The Effective Date of the Merger etc.;
  - (v) The account of the issuer of the Book-entry Transfer Shares referred to in Item (i) (when there are two or more, one of the accounts);
  - (vi) The matters listed in Article 129(3)(vii) that are specified by Cabinet Order as matters that should be known to an issuer;
  - (vii) The total quantity of the Book-entry Transfer Shares referred to in Item (i) pertaining to the issue, and other matters provided for by Ordinance of the competent Ministry.
- (2) Where the notice referred to in the **first sentence** of the preceding paragraph has been given, the Book-entry Transfer Institution that received the notice shall

**コメント [CL16]:** This is acceptable here and in (3) – but “first sentence” is often an inappropriate equivalent for 前段 – despite being in the SBD

immediately notify the Closest Subordinate Institution of the matters listed in Items (i) through (vi) of the same paragraph in relation to the Issue of Book-entry Transfer Shares pertaining to the notice.

- (3) Where the notice referred to in the first sentence of Paragraph (1) has been given, the Book-entry Transfer Institution that received the notice, shall execute the following measures on the Effective Date of the Merger etc., in the Holdings Column, etc. in which the entry or record in relation to the Book-entry Transfer Shares referred to in Item (ii) of the same paragraph is made, in the registry of book-entry transfer accounts that it maintains:
- (i) Entering or recording the increase in relation to the Book-entry Transfer Shares referred to in Paragraph (1)(i) of the quantity obtained after multiplying the respective quantities of Book-entry Transfer Shares referred to in Item (ii) of the same paragraph entered or recorded in the Holdings Column, etc. by the Allotment Ratio, and the matters prescribed in Item (vi) of the same paragraph;
  - (ii) Cancelling the entry or record in relation to **all** the Book-entry Transfer Shares referred to in Paragraph (1)(ii).
- (4) The provisions of Paragraph (2) shall apply *mutatis mutandis* to an Account Management Institution that has received the notice referred to in Paragraph (2) (including where applied *mutatis mutandis* pursuant to this paragraph).
- (5) Where a Book-entry Transfer Institution enters or records the increase in quantity pursuant to Paragraph (3) (including where applied *mutatis mutandis* pursuant to the preceding paragraph; hereinafter the same shall apply in this paragraph) and a fraction of less than one is entered or recorded in the Holdings Column, etc. prescribed in Paragraph (3), notwithstanding the provisions of the same paragraph, the Book-entry Transfer Institution, etc. shall make entries or records as specified by Cabinet Order, in the Holdings Column, etc. of a Participant in the Holdings Column, etc., or the Holdings Column of an account referred to in Paragraph (1)(iv), in lieu of what should be entered or recorded in the Holdings Column, etc., and the Book-entry Transfer Institution shall provide its Subordinate Institution with necessary instructions, as specified by Cabinet Order, for making the entries

コメント [CL17]: “the entirety of” would be too pompous. The “entire quantity of” is a possibility.

or records. In this case, the Subordinate Institution shall execute measures in accordance with those instructions.

- (6) Where a surviving company, etc. referred to in the first sentence of Paragraph (1) intends to transfer its Book-entry Transfer Shares at the time of the absorption-type merger, etc., the surviving company, etc. shall apply to have the Book-entry Transfer Shares cancelled on the Effective Date of the Merger etc. In this case, notwithstanding the provisions of Article 140, the Book-entry Transfer Shares are deemed to have been transferred to the shareholders of the Extinct Company, etc. referred to in the first sentence of Paragraph (1), pursuant to the application, as of the time of the entering or recording of the decrease in quantity referred to in Article 134(4)(i).

(Procedures for Changing Entry or Record)

Article 139.

When a Book-entry Transfer Institution, etc. becomes aware of a change relating to the matters listed in any item of Paragraph (3), any item of Paragraph (4), or any item of Paragraph (5) in Article 129 in relation to the registry of book-entry transfer accounts that it maintains, it shall immediately enter or record the change in the registry of book-entry transfer accounts.

### **Section 3. Effect of Book-entry Transfer**

(Transfer of Book-entry Transfer Shares)

Article 140.

A Transfer of Book-entry Transfer Shares shall not be effective unless the transferee receives an entry or record of the increase in the quantity pertaining to the transfer in the Holdings Column of the account of the transferee (for an Institutional Account, the column where the matters listed in Article 129(5)(ii) are entered or recorded) pursuant to an application for book-entry transfer.

(Pledge of Book-entry Transfer Shares)



Article 141.

A pledge of Book-entry Transfer Shares shall not be effective unless the pledgee receives the entry or record of the increase in the quantity pertaining to the pledge in the Pledges Column of the account of the pledgee pursuant to an application for book-entry transfer.

(Requirement to Duly Assert the fact that Book-entry Transfer Shares are Trust Assets Against Third Parties)

Article 142.

- (1) In relation to Book-entry Transfer Shares, the fact that Book-entry Transfer Shares are trust assets may not be asserted against third parties unless that fact is entered or recorded in the registry of book-entry transfer accounts pursuant to the provisions of Article 129(3)(v).
- (2) The entry or record in the registry of book-entry transfer accounts prescribed in the preceding paragraph shall be made as specified by Cabinet Order.

(Presumption of Participants' Rights)

Article 143.

A Participant shall be presumed to be the lawful owner of the rights in relation to Book-entry Transfer Shares that are entered or recorded in his or her account (limited to Proprietary Accounts for accounts of Account Management Institutions).

(Acquisition without Knowledge)

Article 144.

A Participant (including a Book-entry Transfer Institution that has an Institutional Account) that receives an entry or record of increase in quantity in relation to Book-entry Transfer Shares in a specific Issue in his or her account (limited to Proprietary Accounts for accounts of Account Management Institutions) pursuant to an application for book-entry transfer shall acquire the rights pertaining to the entry or record of the increase in quantity in relation to the Book-entry Transfer Shares in the Issue; provided, however, this shall not apply when the Participant has knowledge or is grossly negligent.

コメント [CL18]: This heading is crystal clear – and preferably in my view to a literal translation

コメント [CL19]: Expanding this for a literal translation produces a sentence that is difficult to comprehend

コメント [CL20]: This is the preferred term in English - “is with knowledge” is very unnatural. Another SBD option is “acts in bad faith”

(Obligations of Book-entry Transfer Institution in Case of Excessive Entry or Record)

Article 145.

- (1) Where, as a result of the acquisition of Book-entry Transfer Shares pursuant to the provisions of the preceding article, the total quantity of the Book-entry Transfer Shares in the Issue prescribed in the same article and owned by all shareholders exceeds the total quantity of issued Book-entry Transfer Shares in the Issue (excluding the quantity of cancelled Book-entry Transfer Shares), and when the total quantity referred to in Item (i) exceeds the total quantity of issued shares referred to in Item (ii), the Book-entry Transfer Institution has an obligation to acquire the Book-entry Transfer Shares in the Issue to the extent of the excess quantity (referring to the quantity obtained by deducting the total quantity of issued shares referred to in Item (ii) from the total quantity referred to in Item (i)):
- (i) The total quantity of Book-entry Transfer Shares in the Issue entered or recorded in the accounts of the Participants at the Book-entry Transfer Institution in the registry of book-entry transfer accounts that the Book-entry Transfer Institution maintains;
  - (ii) The total quantity of issued Book-entry Transfer Shares in the Issue (excluding the quantity of cancelled Book-entry Transfer Shares, and the quantity of Book-entry Transfer Shares for which the issuer cannot give the notice referred to in Article 159(1) pursuant to the provisions of the same paragraph).
- (2) Where an entry or record of increase or decrease in quantity is made in the account prescribed in Item (i) of the preceding paragraph, no rights pertaining to the entry or record have arisen, been transferred or been extinguished, and it is proven that no person has acquired Book-entry Transfer Shares of the quantity pertaining to the entry or record pursuant to the provisions of the preceding article, the quantity prescribed in Item (i) of the preceding paragraph shall be the quantity that would have been the case if no entry or record had been made.
- (3) Where a Book-entry Transfer Institution acquires Book-entry Transfer Shares pursuant to the provisions of Paragraph (1), the Book-entry Transfer Institution

has an obligation to immediately manifest its intention to the issuer to waive all of its rights in relation to the Book-entry Transfer Shares.

- (4) The rights in relation to Book-entry Transfer Shares prescribed in the preceding paragraph are extinguished when the intent to waive is manifested pursuant to the provisions of the same paragraph.
- (5) When a Book-entry Transfer Institution has manifested its intent to waive in relation to Book-entry Transfer Shares pursuant to the provisions of Paragraph (3), the Book-entry Transfer Institution shall immediately cancel the Book-entry Transfer Shares in the registry of book-entry transfer accounts.
- (6) Where an issuer of Book-entry Transfer Shares in an Issue referred to in Paragraph (1) disposes of its shares in order to allow the Book-entry Transfer Institution to acquire the Book-entry Transfer Shares pursuant to the provisions of the same paragraph, the provisions of Part II Chapter II Section 8 of the *Companies Act* shall not apply. In this case, the disposition shall be carried out at a fair price.

(Obligations of Account Management Institution in Case of Excessive Entry or Record)  
Article 146.

- (1) In the cases prescribed in Paragraph (1) of the preceding article, when there is an Account Management Institution for which the total quantity referred to in Item (i) exceeds the quantity referred to in Item (ii), the Account Management Institution has an obligation to manifest its intention to the issuer to waive all of its rights in relation to the quantity of the Book-entry Transfer Shares in the Issue equivalent to the excess quantity (referring to the quantity obtained by deducting the quantity referred to in Item (ii) from the total quantity referred to in Item (i)):
  - (i) The total quantity of the quantity of the Book-entry Transfer Shares in the Issue entered or recorded in the account of the Participant in the Account Management Institution in the registry of book-entry transfer accounts that the Account Management Institution maintains;
  - (ii) The quantity of Book-entry Transfer Shares in the Issue entered or recorded in the Customer Account that is the account of the Account

Management Institution in the registry of book-entry transfer accounts that the Closest Superior Institution of the Account Management Institution maintains.

- (2) The provisions of Paragraph (2) of the preceding article apply *mutatis mutandis* to the matters listed as follows:
  - (i) The quantity prescribed in Item (i) of the preceding paragraph;
  - (ii) The quantity listed in Item (ii) of the preceding paragraph that is an entry or record of increase or decrease in the Customer Account prescribed in the same item, where no rights pertaining to the entry or record have arisen, been transferred or been extinguished.
- (3) In the cases referred to in Paragraph (1), when the Account Management Institution does not own Book-entry Transfer Shares in the Issue prescribed in the same paragraph in a quantity equivalent to the excess quantity prescribed in the same paragraph, the Account Management Institution has an obligation to acquire the Book-entry Transfer Shares in the Issue to the extent of the excess quantity, prior to manifesting its intention to waive pursuant to the provisions of the same paragraph.
- (4) Where the Account Management Institution manifests its intent to waive pursuant to the provisions of Paragraph (1), it shall immediately notify its Closest Superior Institution of the matters listed as follows:
  - (i) The fact that it has manifested its intent to waive;
  - (ii) The Issue and quantity of the Book-entry Transfer Shares pertaining to the manifestation of intent to waive.
- (5) When the Closest Superior Institution referred to in the preceding paragraph has received the notice referred to in the same paragraph, it shall immediately enter or record the matters listed as follows in relation to the Book-entry Transfer Shares in the Issue listed in Item (ii) of the same paragraph in the registry of book-entry transfer accounts that it maintains:
  - (i) An entry or record of the decrease in the quantity listed in Item (ii) of the preceding paragraph in the Proprietary Account of the account of the Account Management Institution referred to in the same paragraph;

- (ii) An entry or record of the increase in the quantity listed in Item (ii) of the preceding paragraph in the Customer Account of the account referred to in the preceding item.
- (6) Where an issuer of Book-entry Transfer Shares in an Issue referred to in Paragraph (1) disposes of its shares in order to allow the Account Management Institution referred to in Paragraph (3) to acquire the Book-entry Transfer Shares pursuant to the provisions of the same paragraph, the provisions of Part II Chapter II Section 8 of the *Companies Act* shall not apply. In this case, the disposition shall be carried out at a fair price.

(Treatment where Book-entry Transfer Institution Fails to Perform Obligations Pertaining to Excessive Entry or Record)

Article 147.

- (1) In cases prescribed by Article 145(1), until the Book-entry Transfer Institution prescribed in the same paragraph performs all of its obligations referred to in the same paragraph and Paragraph (3) of the same Article, no shareholder may assert against the issuer the portion of the Book-entry Transfer Shares in the Issue that the shareholder owns obtained by multiplying the ratio of the quantity referred to in Item (i) against the total quantity referred to in Item (ii) by the excess quantity prescribed in Paragraph (1) of the same article (when part of the obligation referred to in Paragraph (3) of the same article has been performed, the quantity obtained after deducting the quantity pertaining to the performance):

- (i) The quantity of the Book-entry Transfer Shares in the Issue that the shareholder owns (when there is a Subordinate Institution of the Book-entry Transfer Institution that should manifest its intention to waive its rights in relation to the Book-entry Transfer Shares in the Issue pursuant to the provisions of Paragraph (1) of the preceding article, the quantity after deducting the shareholder's **Account Management Institution Quantity Restriction** prescribed in Paragraph (1) of the following article (limited to shareholders of Book-entry Transfer Shares for which an entry or record has been made in an account established by the Subordinate

**コメント [GL21]:** Very difficult to come up with a sensible and useful equivalent in English for a defined term that is so long in Japanese. A 'plain Japanese' movement would create the rule that defined terms in legislation must not be longer than 2-3 words... Also the use of acronyms would add some flexibility (eg "AMI Quantity Restriction") and shorten legislative sentences in English considerably.

Institution or its Subordinate Institution) in relation to the excess quantity prescribed in Paragraph (1) of the preceding article in relation to the Subordinate Institution);

(ii) The total quantity of Book-entry Transfer Shares in the Issue owned by all shareholders (when there is a Subordinate Institution of the Book-entry Transfer Institution that should manifest its intention to waive its rights in relation to the Book-entry Transfer Shares in the Issue pursuant to the provisions of Paragraph (1) of the preceding article, the quantity after deducting the total quantity of the Account Management Institution Quantity Restriction prescribed in Paragraph (1) of the following article for all shareholders in relation to Book-entry Transfer Shares for which an entry or record has been made in an account established by the Subordinate Institution or its Subordinate Institution concerning the excess quantity prescribed in Paragraph (1) of the preceding article in relation to the Subordinate Institution).

(2) In cases prescribed by Article 145(1), a Book-entry Transfer Institution prescribed in the same paragraph has an obligation to pay each shareholder damages arising as a result of its failure to perform the obligations prescribed in the same paragraph or Paragraph (3) of the same Article.

(3) In cases prescribed by Article 145(1), when a Book-entry Transfer Institution prescribed in the same paragraph has manifested its intention to waive all of its rights in relation to the Book-entry Transfer Shares referred to in Paragraph (3) of the same Article pursuant to the provisions of the same paragraph, within two weeks after the notice referred to in Article 151(1)(i) or (iv), the provisions of Paragraph (1) shall not apply in relation to an exercise of rights prescribed in Article 124(1) of the *Companies Act* pertaining to shareholders other than persons who were given notice as shareholders of the Book-entry Transfer Shares by the Book-entry Transfer Institution through the notice (hereinafter referred to as “Specific Notified Shareholders” in this paragraph); provided, however, that this shall be limited to cases where the Book-entry Transfer Shares fall under any of the following items:

コメント [CL22]: “Specified Notified...” is too wordy and clumsy

- (i) Book-entry Transfer Shares for which a Specific Notified Shareholder has manifested his or her intention to the issuer to waive all of his or her rights prescribed in Article 124(1) of the *Companies Act*, within two weeks after the notice;
  - (ii) Shares that the issuer owns;
  - (iii) Shares Less than One Unit (referring to the Shares Less than One Unit prescribed in Article 189(1)(i) of the *Companies Act*; the same shall apply in Article 153) where the issuer specifies the Record Date for solely for the purpose of specifying the person who is to exercise the voting rights;
  - (iv) In cases prescribed in the preceding item, shares of shareholders prescribed by the applicable Ordinance of the Ministry of Justice as prescribed in Article 308(1) of the *Companies Act*.
- (4) When a Book-entry Transfer Institution has performed all of the obligations referred to in Article 145(3), the provisions of Paragraph (1) shall not apply in relation to the exercise of shareholder's rights (excluding the rights prescribed in Article 124(1) of the *Companies Act*; referring to the "Minority Shareholder Rights, etc." in Paragraph (4) of the following article and Article 154).

(Treatment where Account Management Institution Fails to Perform Obligations Pertaining to Excessive Entry or Record)  
Article 148.

- (1) In cases prescribed by Article 146(1), until the Account Management Institution prescribed in the same paragraph performs all of its obligations referred to in the same paragraph and Paragraph (3) of the same Article, shareholders (limited to shareholders in relation to the Book-entry Transfer Shares that are entered or recorded in the account that the Account Management Institution or its Subordinate Institution establishes) may not assert against the issuer the portion of the Book-entry Transfer Shares in the Issue that the shareholder owns obtained by multiplying the ratio of the quantity referred to in Item (i) against the total quantity referred to in Item (ii) by the excess quantity prescribed in Paragraph (1)

of the same article (hereinafter referred to as the “Account Management Institution Quantity Restriction” in this article; when part of the obligation referred to in the same paragraph has been performed, the quantity obtained after deducting the quantity pertaining to the performance):

- (i) The quantity of Book-entry Transfer Shares in the Issue that the shareholder owns (when there is a Subordinate Institution of the Account Management Institution that should manifest its intention to waive its rights in relation to the Book-entry Transfer Shares in the Issue pursuant to the provisions of Article 146(1), the quantity obtained after deducting the shareholder’s Account Management Institution Quantity Restriction (limited to shareholders of Book-entry Transfer Shares for which an entry or record has been made in an account established by the Subordinate Institution or its Subordinate Institution) in relation to the excess quantity prescribed in the same paragraph in relation to the Subordinate Institution);
  - (ii) The total quantity of Book-entry Transfer Shares in the Issue owned by all shareholders in relation to Book-entry Transfer Shares entered or recorded in an account established by the Account Management Institution or its Subordinate Institution (when there is a Subordinate Institution of the Account Management Institution that should manifest its intention to waive its rights in relation to the Book-entry Transfer Shares in the Issue pursuant to the provisions of Article 146(1), the quantity after deducting the total quantity of the Account Management Institution Quantity Restriction for all shareholders in relation to Book-entry Transfer Shares for which an entry or record has been made in an account established by the Subordinate Institution or its Subordinate Institution concerning the excess quantity prescribed in the same paragraph in relation to the Subordinate Institution).
- (2) In cases prescribed by Article 146(1), the Account Management Institution prescribed in the same paragraph has an obligation to pay the shareholders prescribed in the preceding paragraph damages arising as a result of its failure to



perform the obligations prescribed in Paragraph (1) or Paragraph (3) of the same Article.

- (3) In cases prescribed by Article 146(1), the provisions of Paragraph (3) of the preceding article shall apply *mutatis mutandis* when the Account Management Institution prescribed in Article 146(1) has manifested its intention to waive all of its rights in relation to Book-entry Transfer Shares referred to in the same paragraph pursuant to the provisions of the same paragraph within two weeks after the notice referred to in Article 151(1)(i) or (iv). In this case, the words listed in the upper column of the following table shall be deemed to be replaced with the words listed in the lower column of the same table respectively.
- (4) When the Account Management Institution has performed all of the obligations referred to in Article 146(1), the provisions of Paragraph (1) shall not apply in relation to the exercise of Minority Shareholder Rights, etc. in relation to Book-entry Transfer Shares entered or recorded in an account established by the Account Management Institution or its Subordinate Institution.

コメント [CL23]: Table not included in the Japanese WORD document

コメント [CL24]: “shall be read as” is a much simpler option – despite SBD

(Treatment where the Issuer Distributes Dividends of Surplus in relation to Book-entry Transfer Shares by Mistake)

Article 149.

- (1) Dividends of surplus that have been distributed in relation to Book-entry Transfer Shares that may not be asserted against the issuer pursuant to the provisions of Article 147(1) or Paragraph (1) of the preceding article shall not have the effect of extinguishing the obligations of the issuer pertaining to the other Book-entry Transfer Shares in the Issue, even where the issuer is without knowledge.
- (2) In the cases referred to in the preceding paragraph, the shareholder has no obligation to the issuer to return monetary sums pertaining to the dividends of surplus referred to in the same paragraph.
- (3) When dividends of surplus referred to in Paragraph (1) have been distributed, the issuer shall acquire the shareholder’s rights against the Book-entry Transfer Institution, etc. pursuant to the provisions of Article 147(2) or Paragraph (2) of

コメント [CL25]: とされた is not perhaps not fully reflected here – but the same occurs in the introduction to the SBD...

the preceding article, to the extent of the monetary amount prescribed in the preceding paragraph.

#### Section 4. Special Provisions of the *Companies Act*

(Special Provisions of the *Companies Act* concerning Issuance of Shares)

Article 150.

- (1) Where a company gives the consent referred to in Article 13(1) in relation to shares to be issued at the time of the incorporation of the company, the incorporator shall indicate an account that has been established for himself or herself for the purpose of conducting book-entry transfer of the Book-entry Transfer Shares (excluding Special Accounts), at the time when the matters listed in each item of Article 132(1) of the *Companies Act* are determined pursuant to the provisions of Article 132(1).
- (2) In the notice in relation to Book-entry Transfer Shares referred to in Article 59(1) or Article 203(1) of the *Companies Act*, the issuer of the Book-entry Transfer Shares shall indicate the fact that the provisions of this Act apply to the Book-entry Transfer Shares.
- (3) The shareholder registry of a company issuing Book-entry Transfer Shares shall contain an entry or record of the fact that the provisions of this Act apply in relation to the Book-entry Transfer Shares.
- (4) A person who applies to subscribe for Book-entry Transfer Shares shall enter an account established for himself or herself for the purpose of conducting book-entry transfer of the Book-entry Transfer Shares (excluding Special Accounts) on the document referred to in Article 203(2) of the *Companies Act*, or indicate the account to the issuer of the Book-entry Transfer Shares at the time when the contract referred to in Article 205 of the same *Act* is executed.
- (5) An issuer of share options (limited to share options for which the object shares are Book-entry Transfer Shares) shall indicate the fact that the provisions of this Act apply to the Book-entry Transfer Shares that are the object of the stock options, in

コメント [CL26]: This could be expanded to “and other Legislation” is desired – but short and simple is always best.

the notice in relation to the stock options referred to in Article 242(1) of the *Companies Act*.

- (6) A person who exercises share options, when the object shares of the share options are Book-entry Transfer Shares, shall indicate to the issuer of the Book-entry Transfer Shares an account established for himself or herself for the purpose of conducting book-entry transfer of the Book-entry Transfer Shares (excluding Special Accounts).

(Notices to All Shareholders)

Article 151.

- (1) When a Book-entry Transfer Institution falls under any of the cases listed in any item listed as follows, the Book-entry Transfer Institution shall promptly notify the issuer of the names and addresses of the shareholders prescribed in each item, the Issue and quantity of the Book-entry Transfer Shares that are owned by the shareholders and issued by the issuer, and other matters provided for by Ordinance of the competent Ministry (hereinafter referred to as “Matters for Notice” in this article and the following article):

- (i) When the issuer has determined the Record Date - the shareholders on that date;
- (ii) When the date on which a share consolidation will become effective arrives - the shareholders on that date;
- (iii) When the Book-entry Transfer Institution, etc. has cancelled shares pursuant to the provisions of Article 135(3) (including where applied *mutatis mutandis* pursuant to Paragraph (4) of the same article) - the shareholders of the Book-entry Transfer Shares pertaining to the cancellation;
- (iv) In relation to an issuer with a business year of one year, when six months have passed from the date the business year commenced each business year (excluding where the issuer has determined the Record Date pertaining to the interim dividends prescribed in Article 454(5) of the

コメント [CL27]: This could be “Notifiable Matters” if preferred

- Companies Act*) - the shareholders on the date when six months have passed from the date the business year commenced;
- (v) Where a Book-entry Transfer Institution that handles the Book-entry Transfer Shares in a specific Issue has rescinded the designation referred to in Article 3(1) pursuant to the provisions of Article 22(1), or the designation has become invalid pursuant to the provisions of Article 41(1), and when there is no person who succeeds to the Book-entry Transfer Business of the Book-entry Transfer Institution - the shareholders on the date the designation was rescinded, or the date the designation became invalid;
  - (vi) When the Book-entry Transfer Shares in a specific Issue are no longer handled by the Book-entry Transfer Institution - the shareholders on the date the Book-entry Transfer Institution stopped handling the Book-entry Transfer Shares;
  - (vii) At other times specified by Cabinet Order – the shareholders on the date specified by Cabinet Order.
- (2) In the cases referred to in the preceding paragraph, the Book-entry Transfer Institution shall notify the persons prescribed respectively in each of the following items as shareholders, in accordance with the categories of the cases listed in each of the items:
- (i) Where an entry or record in relation to Book-entry Transfer Shares is made in the Holdings Column of the account of the Participant (excluding Customer Accounts) in the registry of book-entry transfer accounts maintained by the Book-entry Transfer Institution or its Subordinate Institution - the Participant in the account (when the Participant has made a request to the Participant's Closest Superior Institution for a notice referred to in the preceding paragraph with another Participant as shareholder in relation to the Book-entry Transfer Shares as provided for by Ordinance of the competent Ministry, the other Participant pertaining to the Book-entry Transfer Shares (referring to the "Special Shareholders" in Article 154);

- (ii) Where an entry or record in relation to Book-entry Transfer Shares is made in the Pledges Column of the account of the Participant prescribed in the preceding item - the person whose name and address are entered or recorded as the shareholder in the Pledges Column.
- (3) In the cases referred to in Paragraph (1), when the Book-entry Transfer Institution receives a request from a Participant in an account in which the entry or record of the Book-entry Transfer Shares is made in the Pledges Column, the Book-entry Transfer Institution shall indicate in the notice referred to in the same paragraph the names and addresses of the Pledgees of the Book-entry Transfer Shares, the Issue of the Book-entry Transfer Shares, the matters listed in Article 129(3)(iv) in relation to the Book-entry Transfer Shares, and other matters provided for by Ordinance of the competent Ministry.
- (4) A Participant shall go through the Participant's Closest Superior Institution to file a request referred to in the preceding paragraph.
- (5) In the cases referred to in Article 147(1) or Article 148(1), when the Book-entry Transfer Institution gives the notice referred to in Paragraph (1), the Book-entry Transfer Institution shall indicate the quantity of the Book-entry Transfer Shares entered or recorded in the account of the Participant in the Book-entry Transfer Institution or its Subordinate Institution that may not be asserted against the issuer pursuant to the provisions of Article 147(1) or Article 148(1).
- (6) When an Account Management Institution receives a request from its Closest Superior Institution for a report on matters necessary for a notice referred to in Paragraph (1) (including matters prescribed in Paragraph (3) and the preceding paragraph) in relation to Book-entry Transfer Shares entered or recorded in the account of the Participant in the Book-entry Transfer Institution or its Subordinate Institution, the Account Management Institution shall promptly report the matters.
- (7) In the cases referred to in Paragraph (1)(i), (ii), (iv) and (vii) (excluding cases specified by Cabinet Order), the issuer, as provided for by Ordinance of the competent Ministry, shall notify the Book-entry Transfer Institution to which the issuer gave the consent referred to in Article 13(1), of the dates specified in each item (for Item (iv) of the same paragraph, the date the business year referred to in

the same item commences) and other matters provided for by Ordinance of the competent Ministry.

- (8) When there are proper grounds, the issuer may pay the expenses specified by the Book-entry Transfer Institution and request that the Book-entry Transfer Institution notifies the shareholders of the Matters for Notice as of a specific date that the issuer specifies. In this case, the provisions of Paragraphs (1) through (6) shall apply *mutatis mutandis*.

(Special Provisions of the *Companies Act* concerning Name Changes on the Shareholder Registry)

Article 152.

- (1) Where the issuer receives a notice referred to in Paragraph (1) of the preceding article (including where applied *mutatis mutandis* pursuant to Paragraph (8) of the same article; hereinafter the same shall apply in this article), the issuer shall enter or record the Matters for Notice in the shareholder registry, the matters indicated pursuant to the provisions of Paragraph (3) of the same article (including where applied *mutatis mutandis* pursuant to Paragraph (8) of the same article) provided for by Ordinance of the competent Ministry, and the matters indicated pursuant to the provisions of Paragraph (5) of the same article (including where applied *mutatis mutandis* pursuant to Paragraph (8) of the same article; hereinafter the same shall apply in this article). In this case, the entry or record shall be deemed to have been made on the date specified in each item of Paragraph (1) of the same article pursuant to the provisions of Article 130(1) of the *Companies Act*.
- (2) Where an issuer has manifested its intention as prescribed in Article 147(3) (including where applied *mutatis mutandis* pursuant to Article 148(3)), the issuer may not enter or record in the shareholder registry the matters indicated pursuant to the provisions of Paragraph (5) of the preceding article in relation to Book-entry Transfer Shares entered or recorded in an account established by a Book-entry Transfer Institution, etc. or its Subordinate Institution that has performed all the obligations referred to in Article 145(3) or Article 146(1), notwithstanding the provisions of the preceding paragraph,

コメント [CL28]: The use of the singular in this phrase in the SBD is wrong. It cannot be replicated.

(3) In cases referred to in the preceding paragraph, in relation to a Specific Notified Shareholder (referring to the Specific Notified Shareholders prescribed in Article 147(3) (including where applied *mutatis mutandis* pursuant to Article 148(3)); hereinafter the same shall apply in this paragraph), the issuer shall enter or record in the shareholder registry the quantity obtained after deducting the quantity listed in Item (ii) from the quantity listed in Item (i) as the quantity of the Book-entry Transfer Shares owned by the Specific Notified Shareholder:

- (i) The quantity of Book-entry Transfer Shares owned by the Specific Notified Shareholder notified pursuant to the provisions of Paragraph (1) of the preceding article;
- (ii) The quantity pertaining to the Specific Notified Shareholder of the Book-entry Transfer Shares pertaining to the performance of all the obligations referred to in Article 145(3) or Article 146(1).

(Shareholders' Voting Rights in Case of Failure to Perform Obligations Pertaining to Excessive Entry or Record)

Article 153.

Where a fraction less than one share arises in relation to shares other than shares that may not be asserted against the issuer pursuant to the provisions of Articles 147(1) or 148(1), or when Shares Less than One Unit have arisen, notwithstanding the provisions of Article 308(1) of the *Companies Act*, each shareholder shall hold voting rights, in relation to the fraction or the Shares Less than One Unit, in the quantity obtained by dividing the quantity of the fraction or the Shares Less than One Unit by the Share Unit (when there is a quantity less than one hundredth in these quantities, it shall be rounded down).

(Special Provisions of the *Companies Act* concerning Exercise of Minority Shareholder Rights etc.)

Article 154.

- (1) The provisions of Article 130(1) of the *Companies Act* shall not apply to the exercise of Minority Shareholder Rights, etc. in relation to Book-entry Transfer Shares.

- (2) Minority Shareholder Rights, etc. in relation to the Book-entry Transfer Shares referred to in the preceding paragraph may not be exercised unless the exercise is during the period after the notice referred to in the following paragraph is given and before the date on which the period specified by Cabinet Order passes.
- (3) Where a Book-entry Transfer Institution receives a request from a Participant in the Book-entry Transfer Institution or a Subordinate Institution in relation to Book-entry Transfer Shares in a specific Issue, the Book-entry Transfer Institution shall notify the issuer of the Book-entry Transfer Shares without delay, of the name and address of the Participant, the matters listed as follows, and other matters provided for by Ordinance of the competent Ministry:
- (i) The quantity of the Book-entry Transfer Shares entered or recorded in the Holdings Column of the account of the Participant (excluding those in respect of which the Participant has made a request referred to in Article 151(2)(i)), and the matters listed in Article 129(3)(vi) pertaining to that quantity;
  - (ii) Where the Participant is a Special Shareholder in relation to the account of another Participant, the quantity of the Book-entry Transfer Shares entered or recorded in the Holdings Column of the account relating to the Special Shareholder, and the matters listed in Article 129(3)(vi) pertaining to that quantity;
  - (iii) Where the Participant is a person who is entered or recorded as a shareholder in the Pledges Column of an account of another Participant, the quantity of the Book-entry Transfer Shares entered or recorded in the Pledges Column relating to the shareholder, and the matters listed in Article 129(3)(vi) pertaining to that quantity.
- (4) A Participant shall go through the Participant's Closest Superior Institution to file a request referred to in the preceding paragraph.
- (5) The provisions of Article 151(5) and (6) shall apply *mutatis mutandis* to the notice referred to in Paragraph (3). In this case, "Paragraph (3) and the preceding paragraph" in Paragraph (6) of the same article shall be deemed to be replaced with "the preceding paragraph."

コメント [CL29]: Too wordy. Should be just "shall be read as".



(Special Provisions of the *Companies Act* concerning Share Purchase Demands)

Article 155.

Where a shareholder of Book-entry Transfer Shares makes a demand for the purchase of the Book-entry Transfer Shares pursuant to the provisions of Article 116(1), Article 192(1), Article 469(1), Article 785(1), Article 797(1) or Article 806(1) of the *Companies Act*, the issuer may demand that shareholder submits an application to the shareholder's Closest Superior Institution for book-entry transfer in relation to the Book-entry Transfer Shares, with the account of the issuer as the Book-entry Transferee Account, in exchange for payment of the price of the Book-entry Transfer Shares.

(Special Provisions of the *Companies Act* concerning Shares with Put Options)

Article 156.

- (1) A Participant who makes a demand pursuant to the provisions of the main clause of Article 166(1) of the *Companies Act* in relation to Book-entry Transfer Shares in a specific Issue that are shares with put options, shall apply for book-entry transfer in relation to the Book-entry Transfer Shares.
- (2) Notwithstanding the provisions of Article 167(1) of the *Companies Act*, where the shares with put options pertaining to the demand prescribed in the main clause of Article 166(1) of the same *Act* are Book-entry Transfer Shares, the issuer shall acquire the Book-entry Transfer Shares at the time the issuer has received the entry or record of the increase in quantity pertaining to the shares with put options in the Holdings Column of the account of the issuer pursuant to the application for book-entry transfer referred to in the preceding paragraph.
- (3) A person, who intends to take delivery of Book-entry Transfer Shares pursuant to a demand made in pursuant to the provisions of the main clause of Article 166(1) of the *Companies Act*, shall indicate to the company that delivers the Book-entry Transfer Shares, an account that has been established for himself or herself for the purpose of conducting book-entry transfer of the Book-entry Transfer Shares (excluding Special Accounts).

コメント [CL30]: Only the plural form fits here. Impossible to use "shares with put option" with no "s" on option flexibly in sentences.

コメント [CL31]: "...shall advise the company... of an account" would be more natural. Suggest "advise" or "indicate" for 示めす in SBD

(Special Provisions of the *Companies Act* concerning Shares Subject to Call)

Article 157.

- (1) Where an issuer of Book-entry Transfer Shares that are shares subject to call intends to acquire a portion of the Book-entry Transfer Shares, the issuer shall apply for book-entry transfer in relation to the Book-entry Transfer Shares without delay after the date when grounds referred to in Article 107(2)(iii)(a) of the *Companies Act* arise, with the account of the issuer as the Book-entry Transferee Account. In this case, the application shall be made to the Closest Superior Institution of the Participant in whose account (excluding Customer Accounts) an entry or record of the decrease is made pursuant to the book-entry transfer.
- (2) Notwithstanding the provisions of Article 170(1) of the *Companies Act*, in the cases referred to in the first sentence of the preceding paragraph, the issuer shall acquire the Book-entry Transfer Shares at the time the issuer has received the entry or record of the increase in quantity pertaining to the Book-entry Transfer Shares referred to in the first sentence of the same paragraph in the Holdings Column of its account pursuant to the application for book-entry transfer referred to in the first sentence of the same paragraph.
- (3) Where an issuer of Book-entry Transfer Shares that are shares subject to call or class shares subject to wholly call (referring to the **Class Shares subject to Wholly Call** prescribed in Article 171(1) of the *Companies Act*) intends to acquire all of the Book-entry Transfer Shares, the issuer shall give the notice prescribed in Article 135(1), without delay after the date when grounds referred to in Article 107(2)(iii)(a) of the same *Act* arise, or the acquisition date prescribed in Article 171(1)(iii) of the same *Act* (hereinafter referred to as the “Effective Date” in this paragraph), with the date referred to in Article 135(1)(ii) as the Effective Date (hereinafter referred to as “Notice of Cancellation in Full” in this chapter).
- (4) Notwithstanding the provisions of Article 170(1) and Article 173(1) of the *Companies Act*, in the cases referred to in the preceding paragraph, the issuer shall acquire the Book-entry Transfer Shares at the time the entry or record has

コメント [CL32]: This is embarrassing gibberish that should not be in the English version of the Companies Act. It is not an English phrase and it makes nonsense of any sentence it is used in.

been cancelled pursuant to the Notice of Cancellation in Full in relation to the Book-entry Transfer Shares referred to in the same paragraph.

(Special Provisions of the *Companies Act* concerning Cancellation of Shares)

Article 158.

- (1) When an issuer intends to cancel its Book-entry Transfer Shares, the issuer shall apply for cancellation of the Book-entry Transfer Shares.
- (2) The cancellation of the Book-entry Transfer Shares shall be effective on the date on which the decrease referred to in Article 134(4)(i) is entered or recorded.

(Special Provisions of the *Companies Act* concerning Registration of Lost Share Certificates)

Article 159.

- (1) Notwithstanding the provisions of Article 130(1), the notice referred to in Article 130(1) may not be given in relation to shares for which registration of lost share certificates has been carried out, until the Date of Cancellation of Registration (referring to the Date of Cancellation of Registration prescribed in Article 230(1) of the *Companies Act*; the same shall apply hereinafter in this article).
- (2) The issuer of the shares referred to in the preceding paragraph shall file a request referred to in the main clause of Article 131(3) with the Book-entry Transfer Institution, etc. on the Date of Cancellation of Registration on behalf of the Registered Holder (referring to the Registered Holder prescribed in Article 221(iii) of the *Companies Act*), who is the Registrant of Lost Share Certificates (referring to the Registrant of Lost Shares prescribed in Article 224(1) of the same *Act*) in relation to the shares on the Date of Cancellation of Registration, and other persons provided for by Ordinance of the competent Ministry (hereinafter referred to as the “Registered Holder, etc.” in this article); provided, however, this shall not apply when the Registered Holder, etc. notifies the issuer, of an account (excluding Special Accounts) that has been established for himself or herself for the purpose of conducting book-entry transfer of the Book-entry Transfer Shares

by the Date of Cancellation of Registration, or when there is a Special Account that the issuer has requested be established for the Registered Holder, etc.

- (3) Where an issuer referred to in the main clause of the preceding paragraph gives the notice prescribed in Article 130(1) in relation to shares referred to in Paragraph (1), the issuer shall give the notice prescribed in that paragraph by giving notice of the matters listed in the following items, as the matters prescribed respectively in those items:
- (i) The names of the Participants who are Registered Holders, etc. referred to in the main clause of the preceding paragraph - the matters listed in Article 130(1)(ii);
  - (ii) The account referred to in the proviso to the preceding paragraph in respect of which notice from the Participant referred to in the preceding item has been received (when there has been no notice, the Special Account that the issuer requested be established) - the matters listed in Article 130(1)(iii).

(Special Provisions of the *Companies Act* Concerning Mergers, etc.)

Article 160.

- (1) Where the shares of an Extinct Company, etc. are not Book-entry Transfer Shares, or the company that will become extinct as a result of a merger is a membership company, and when the surviving company, etc. or the newly-established company, etc. intends to issue Book-entry Transfer Shares at the time of the absorption-type merger, etc. or consolidation-type merger, etc., the notice referred to Article 131(1) shall be given with the Effective Date of the Merger etc. as the specific date referred to in Article 131(1)(i).
- (2) Where a surviving Company, etc. intends to transfer Book-entry Transfer Shares at the time of an absorption-type merger, etc., the surviving company, etc. shall apply for book-entry transfer in relation to the Book-entry Transfer Shares without delay after the Effective Date of the Merger etc.
- (3) Where the shares of an Extinct Company, etc. are Book-entry Transfer Shares, and when the surviving company, etc. or the newly established company, etc.

intends to issue shares that are not Book-entry Transfer Shares at the time of the absorption-type merger, etc. or consolidation-type merger, etc., or the surviving company, etc. or newly established company, etc. is not a stock company, the Extinct Company, etc. shall give Notice of Cancellation in Full, with the Effective Date of the Merger etc. as the date referred to in Article 135(1)(ii).

- (4) Where membership companies merge, and where the surviving company in an absorption-type merger or the newly established company in a consolidation-type merger intends to issue Book-entry Transfer Shares at the time of the merger, the merger agreement shall specify an account (excluding Special Accounts) that has been established for the members of the membership company for the purpose of conducting book-entry transfer of the Book-entry Transfer Shares.
- (5) Where a successor company in an absorption-type split or a newly established company in an incorporation-type split intends to issue Book-entry Transfer Shares at the time of the company split, the absorption-type split agreement or incorporation-type split plan shall specify an account (excluding Special Accounts) that has been established for the company that is to be split for the purpose of conducting book-entry transfer of the Book-entry Transfer Shares.

(Exclusions from Application)

Article 161.

- (1) The provisions of Article 122(1) through (3), Article 132(1)(ii) and (iii), (2) and (3), Article 133, Article 147(1), Article 148, Article 152 and Article 154-2(1) through (3) of the *Companies Act* shall not apply to Book-entry Transfer Shares.
- (2) Notwithstanding the provisions of Article 116(3), Article 158(1), Article 168(2), Article 169(3), Article 170(3), Article 181(1), Article 195(2), Article 201(3), Article 240(2), Article 469(3), Article 776(2), Article 783(5), Article 785(3), Article 797(3), Article 804(4) and Article 806(3) of the *Companies Act*, companies that issue Book-entry Transfer Shares shall give public notice of the matters that are to be notified pursuant to these provisions, in lieu of notice pursuant to these provisions.

- (3) In relation to the application of the provisions in Article 130(1) of the *Companies Act* in relation to the transfer of Book-entry Transfer Shares, the words “the Stock Company and other third parties” in the same paragraph shall be deemed to be “the Stock Company.”

コメント [CL33]: This is consistent with the SBD, but frankly it is a bad idea to use “deemed” for any phrase that does not contain みなす

## Section 5. Miscellaneous Provisions

### Article 162.

- (1) Where a notice listed in either of the following items has been given, the Book-entry Transfer Institution that received the notice shall immediately execute measures enabling Participants to know the matters prescribed in each of the items in relation to the Issue of Book-entry Transfer Shares pertaining to the notice, utilizing a method specified by Cabinet Order:
- (i) The notice referred to in Article 130(1) – the matters listed in Item (ix) of the same paragraph;
  - (ii) The notice referred to in the first sentence of Article 138(1) – the matters listed in Item (vii) of the same paragraph.
- (2) The expenses in connection with the measures referred to in the preceding paragraph shall be borne by the issuer of the Book-entry Transfer Shares referred to in the same paragraph.