

[Name of Act]

Trust Business Act

[Act No.]

Act No. 54 of 2004

[Effective Date]

30 December 2004

[Amendment History]

Final Amendment: Act No. 124 of June 18, 2004

Unenforced regulations prior to the final amendment

[Act No. 65 of June 12, 2002](#) (unenforced)

[Act No. 88 of June 9, 2004](#) (unenforced)

[Text]

The entire *Trust Business Act* (Act No. 65 of 1922) is hereby amended.

Chapter I. General Provisions (Article 1, Article 2)

Chapter II. Trust Corporations

Subchapter 1. General Provisions (Article 3 – Article 16)

Subchapter 2. Principal Shareholders (Article 17 – Article 20)

Subchapter 3. Business (Article 21 – Article 31)

Subchapter 4. Accounting (Article 32 – Article 35)

Subchapter 5. Supervision (Article 36 – Article 50)

Subchapter 6. Special Exemptions Concerning Certain Trusts (Article 51, Article 52)

Chapter III. Foreign Trust Firms (Article 53 – Article 64)

Chapter IV. Persons with the Right to Give Instructions (Article 65, Article 66)

Chapter V. Trust Agreement Agents

Subchapter 1. General Provisions (Article 67 – Article 73)

Subchapter 2. Business (Article 74 – Article 76)

Subchapter 3. Accounting (Article 77, Article 78)

Subchapter 4. Supervision (Article 79 – Article 84)

Subchapter 5. Miscellaneous (Article 85)

Chapter VI. Sellers of Beneficial Interests in Trusts

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[Subchapter 4. Supervision \(Article 99 – Article 104\)](#)

[Subchapter 5. Miscellaneous \(Article 105\)](#)

[Chapter VII. Miscellaneous \(Article 106 – Article 110\)](#)

[Chapter VIII. Penalties \(Article 111 – Article 119\)](#)

[Supplementary Provisions](#)

Chapter I. General Provisions

(Objectives)

Article 1. The purposes of this Act shall be to protect settlors and beneficiaries through prescribing necessary matters with relation to persons engaged in trust business, trust agreement agency business, beneficial interest sales business, etc., and ensuring fairness in the underwriting of trusts and other transactions, and to thereby promote the sound development of the national economy.

(Definitions)

Article 2. In this Act, “Trust Business” shall mean the business of underwriting trusts.

2. In this Act, “Trust Corporation” shall mean persons who have received a license from the Prime Minister under Article 3, or persons who have been registered by the Prime Minister under Article 7(1).

3. In this Act, “Asset Management Trust Business” shall mean the business of underwriting only those trusts that fall under any of the following categories:

(i) Trusts for which instructions on the management or disposal of the trust assets are given only by the settlor or a person to whom the settlor has entrusted the right to give such instruction (limited to case where the settlor or person entrusted with the right to give instructions is a person in a close relationship with regards to the stock ownership, or a close personal relationship, with the beneficiaries as prescribed by Cabinet Order.)

- (ii) A trust for which only acts of preservation, or acts of use or improvement within a scope that will not change the characteristics of the trust assets are conducted in relation to the same.
4. In this Act, “Asset Management Trust Corporation” shall mean a person who has received a license from the Prime Minister under Article 7(1).
5. In this Act, “Foreign Trust Firm” shall mean a person who conducts trust business in a foreign country in accordance with foreign laws and regulations (excluding Trust Companies).
6. In this Act, “Foreign Trust Corporation” shall mean a person who has received a license from the Prime Minister under Article 53(1), or a person who has been registered by the Prime Minister under Article 54(1).
7. In this Act, “Asset Management Foreign Trust Corporation” shall mean a person who has received a license from the Prime Minister under Article 54(1).
8. In this Act, “Trust Agreement Agency Business” shall mean the business of agency for (limited to where the agency is for a Trust Corporation or Foreign Trust Corporation), or mediation in, the entering into of trust agreements (limited to where the beneficial interests pursuant to the trust agreement are expressly indicated on securities provided for in [Article 2\(1\)](#) of the [Securities Exchange Act](#) (Act No. 25 of 1948) , or are deemed to be securities under the provisions of [Paragraph 2](#) of the [same Article](#), excluding where the trustee is deemed to be the issuer (meaning the issuer provided for under [Paragraph 5](#) of the [same Article](#))).
9. In this Act, “Trust Agreement Agent” shall mean a person who has received a license from the Prime Minister under Article 67(1).
10. In this Act, “Beneficial Interest Sales Business” shall mean the business of selling beneficial interests in trusts (excluding rights that are expressly indicated on securities provided for in [Article 2\(1\)](#) of the [Securities Exchange Act](#), or deemed to be securities under the provisions of [Paragraph 2](#) of the [same article](#)), or the agency or mediation thereof.
11. In this Act, “Seller of Beneficial Interests” shall mean a person who has been registered by the Prime Minister under Article 86(1).

Chapter II. Trust Corporations

Subchapter 1. General Provisions

(Business Licenses)

Article 3. Trust business cannot be conducted by persons other than those licensed by the Prime Minister.

(Applications for Business Licenses)

Article 4. Persons seeking to receive a business license provided for in the preceding paragraph must submit an application form stating the following matters to the Prime Minister:

- (i) The trade name;
- (ii) The amount of capital;
- (iii) The names of directors and auditors (directors and operating officers in case of a corporation with an audit committee (referred to as “Corporation with Audit Committee” in Article 16) provided for in [Article 1-2\(3\)](#) of the [Act for Special Provisions for the Commercial Code Concerning Audits, etc.](#) (Act No. 22 of 1974; referred to as “Act for Special Provisions for the Commercial Code” in [Paragraph 2](#) of the [following Article](#));
- (iv) If business other than Trust Business is conducted: The nature of that business;
- (v) The names and addresses of the head office and other places of business.

2. The following documents must be attached to the application form in the preceding paragraph:

- (i) The articles of incorporation;
- (ii) The certificate of commercial registration;
- (iii) The statement of operational procedures;
- (iv) The balance sheet;
- (v) A statement of projected income and expenditure;
- (vi) Other documents prescribed by Cabinet Order.

3. The following matters must be included in the statement of operational procedures in Paragraph 2 of the preceding article:

- (i) The types of trust assets to be subject to underwriting;
- (ii) The methods of maintenance or disposal of the trust assets;
- (iii) The methods of separate maintenance for trust assets;
- (iv) The implementation system for the trust business;
- (v) If the trust business is to be partially entrusted to a third person, the details of the Trust Business to be entrusted, and the

person to be so entrusted (if the person to be entrusted is not finalized, the standards and procedures for the selection of such person);

(vi) If a Beneficial Interest Sales Business is to be conducted, the implementation system for such business;

(vii) Other items determined by Cabinet Order.

(Standards for Business Licenses)

Article 5. Where an application for a license referred to in Article 3 is made, the Prime Minister must examine whether or not the applicant (“Applicant” in the following paragraph) satisfies the following standards:

(i) That the articles of incorporation and the statement of operational procedures comply with laws and regulations, and are sufficient for the proper conduct of trust business;

(ii) That the applicant has an asset base sufficient for the sound conduct of Trust Business.

(iii) That the applicant has, in light of the structure of its human resources, the knowledge and experience to conduct Trust Business in an appropriate manner, and sufficient social credibility.

2. The Prime Minister may not issue a business license when the Applicant falls under any of the following items, or the application form in Paragraph 1 of the preceding article or the attached documents in Paragraph 2 of the preceding article include false statements or omit material information:

(i) A person that is not a business corporation;

(ii) A business corporation, the paid-in capital of which does not satisfy the amount prescribed by Cabinet Order as necessary and appropriate for the protection of settlors or beneficiaries;

(iii) A business corporation, the net assets of which do not satisfy the amount provided for in the preceding item;

(iv) A business corporation that seeks to use a trade name that is the same as or likely to be mistaken as a trade name actually in use by another trust corporation;

(v) A business corporation for which five years have not passed since the day on which: renewal of the registration provided for under Article 7(3) was denied under the provisions of Article 10(1); the license under Article 3 was rescinded under the provisions of Article 44(1); the registration under Article 7(1) or Article 52(1) was rescinded under the provisions of Article 45(1); the registration under Article 67(1) was rescinded under the provisions of Article 82(1); the renewal of registration under Article 86(3) was denied under the provisions of Article 89, the registration under Article 86(1) was rescinded under

the provisions of Article 102(1), the license under [Article 5\(1\)](#) of the [Secured Debentures Trust Act](#) (Act No. 52 of 1905) was rescinded under the provisions of [Article 12](#) of the [Secured Debentures Trust Act](#); the approval under [Article 1\(1\)](#) of the [Act on the Concurrent Undertaking of Trust Business by Financial Institutions](#) (Act No. 43 of 1943) was rescinded under the provisions of [Article 8\(3\)](#) of the [Secured Debentures Trust Act](#); or a similar license, registration or approval received in a foreign country under the provisions of the laws and regulations of such foreign country equivalent to this Act, the [Secured Debentures Trust Act](#), or the [Act on the Concurrent Undertaking of Trust Business by Financial Institutions](#) (including such approvals and other administrative dispositions related to such license, registration or approval; hereinafter the same shall apply in this item, Sub-item (viii)(d), and Sub-item (x)(a)) was rescinded; or the renewal of such license, registration, or approval was denied (in cases of denial of a renewal, five years from the day of the denial; the same shall apply to Sub-items (viii)(d), (e), (f) and Sub-item (x)(a));

(vi) A business corporation that has violated this Act, the [Secured Debentures Trust Act](#), the [Act on the Concurrent Undertaking of Trust Business by Financial Institutions](#), the [Investment Trust and Investment Corporations Act](#) (Act No. 198 of 1951), the [Act on the Regulation of Business pertaining to Commodities Investment](#) (Act No. 66 of 1991), the [Act on Asset Liquidation](#) (Act No. 105 of 1998), the [Act on the Business of Managing Copyright and Neighboring Rights](#) (Act No. 131 of 2000), or other regulations prescribed by Cabinet Order or equivalent foreign regulations, and received a fine (including penalties under equivalent foreign laws and regulations), where five years have not passed since the payment of that fine or since the day on which that fine was no longer applicable;

(vii) A business corporation that conducts business not related to its Trust Business, or a business corporation for which the conduct of such other business is regarded as likely to hinder the proper and secure conduct of its Trust Business;

(viii) A business corporation for which a director, operating officer (including persons deemed to possess control over the corporation greater than or equal to that of directors and auditors, irrespective of whether known as counselors, advisors or by any other title; hereinafter the same shall apply in this item, Article 44(2), and Article 45(2)), or auditor is a person who falls under the following:

(a) A person who is incompetent or quasi-incompetent, or who is treated in a similar manner under the laws and regulations of a foreign country;

(b) A person who is insolvent and cannot receive the restoration of his/her rights, or is treated in a similar manner under the laws and regulations of a foreign country;

(c) A person who has received a sentence of at least imprisonment (including sentences under equivalent foreign laws and regulations) where five years have not passed since the day when sentence was served or the sentence was no longer applicable;

(d) A person who was a director or operating officer or an equivalent to these, or a domestic representative (a domestic representative provided for in Article 53(2)) of a corporation within the thirty days prior to the day on which: the registration under Article 7(3) was denied under the provisions of Article 10(1); the license under Article 3 was rescinded under the provisions of Article 44(1); the registration under Article 7(1) or Article 52(1) was rescinded under the provisions of Article 45(1); the renewal of the registration under Article 7(3) applied *mutatis mutandis* under Article 54(2) was denied under Paragraph 6 of the same article; the license under Article 53(1) was rescinded under the provisions of Article 59(1); the registration under Article 54(1) was rescinded under the provisions of Article 60(1); the registration under Article 67(1) was rescinded under the provisions of Article 82(1); the renewal of registration under Article 86(3) was denied under the provisions of Article 89; the registration under Article 86(1) was rescinded under the provisions of Article 102(1); a license under [Article 5\(1\)](#) of the [Secured Debentures Trust Act](#) was rescinded under the provisions of [Article 12](#) of the [Secured Debentures Trust Act](#); an approval under [Article 1\(1\)](#) of the [Act on the Concurrent Undertaking of Trust Business by Financial Institutions](#) was rescinded under Article 8-3 of the provisions of the [same Act](#); or a similar license, registration or approval received in a foreign country under the laws and regulations of such foreign country equivalent to this Act, the [Secured Debentures Trust Act](#) or the [Act on the Concurrent Undertaking of Trust Business by Financial Institutions](#), was rescinded, or the renewal of such license, registration or approval was denied, where five years have not passed since such the day of rescission;

(e) A person whose registration under Article 67(1) was rescinded under the provisions of Article 82(1), or whose renewal of registration under Article 86(3), was denied under the provisions of Article 89, or whose registration under Article 86(1) was rescinded under the provisions of Article 102(1), where five years have not passed since the day of such rescission;

(f) A person whose registration similar to those under Article 67(1) or Article 86(1) received in a foreign country under the provisions of laws and regulations of such foreign country equivalent to this Act, was rescinded or whose renewal was denied, where five years have not passed since the day of such rescission;

(g) A person who was: a director, operating officer, an auditor discharged under the provisions of Article 44(2) or

Article 45(2); a domestic representative or a director assigned to a branch office discharged under the provisions of Article 59(2) or Article 60(2); an officer discharged under the provisions of Article 82(2) or Article 102(2); or a director, operating officer, auditor, or a person holding a similar position discharged under the provisions of the laws and regulations of a foreign country equivalent to this Act, where five years have not passed from the day of such discharge;

(h) A person who has: violated laws provided for in Item(vi), the [Commercial Code](#) (Act No. 48 of 1899), the [Limited Liability Corporations Act](#) (Act No. 74 of 1938), the [Act for Special Provisions for the Commercial Code](#) or the equivalent laws and regulations of a foreign country; committed crimes in [Articles 204, 206, 208, 208-3, 222 or 247](#) of the [Criminal Code](#) (Act No. 45 of 1907) , the [Act on Penalties for Acts of Violence](#) (Act No. 60 of 1926) or [Articles 46, 47, 49, or 50](#) of the [Act for the Prevention of Wrongful Acts by Organized Crime Groups](#) (Act No. 77 of 1991) and received a fine (including penalties imposed by the equivalent laws and regulations of a foreign country), where five years have not passed since the day of the payment of the fine or since such penalty was no longer applicable.

(ix) A business corporation that has any individual Principal Shareholder (if the applicant is a Subsidiary of a holding corporation (a holding corporation provided for in Article 9(5)(i) of the [Act on Prohibition of Private Monopolization and Maintenance of Fair Trade](#) (Act No. 54 of 1947); hereinafter the same shall apply), including the Principal Shareholder of such holding corporation; the same shall apply in the following item) that falls under the following:

(a) A person who is incompetent or quasi-incompetent, or treated in a similar manner under the provisions of laws and regulations of a foreign country and whose legal representative falls under any of the Sub-items (a) through (h) in the preceding item;

(b) A person who falls under any of the Sub-items (b) through (h) in the preceding item.

(x) A business corporation that has a corporate Principal Shareholder that falls under any of the following:

(a) A person for which: registration under Article 7(3) was denied under the provisions of Article 10(1); the license under Article 3 was rescinded under the provisions of Article 44(1); the registration under Article 7(1) or Article 52(1), was rescinded under the provisions of Article 45(1), the renewal of registration under Article 7(3) applied *mutatis mutandis* under Article 54(2) was denied under Paragraph 6 of the same article; the license under Article 53(1) was rescinded under the provisions of Article 59(1); the registration under Article 54(1) was rescinded under the provisions of Article 60(1), or

whose registration under Article 67(1) was rescinded under the provisions of Article 82(1); the renewal of registration under Article 86(3) was denied under the provisions of Article 89; the registration under Article 86(1), was rescinded under the provisions of Article 102(1); the license under [Article 5\(1\)](#) of the [Secured Debentures Trust Act](#) was rescinded under the provisions of [Article 12](#) of the [same Act](#); the approval under [Article 1\(1\)](#) of the [Act on the Concurrent Undertaking of Trust Business by Financial Institutions](#) was rescinded under the provisions of [Article 8-3](#) of the [same Act](#); or a similar license, registration or approval received under the provisions of laws and regulations of a foreign country equivalent to this Act, the [Secured Debentures Trust Act](#), or the [Act on the Concurrent Undertaking of Trust Business by Financial Institutions](#), was rescinded, where five years have not passed since the day of such rescission;

(b) A person who has violated the provisions of the laws provided for Item (vi), or the equivalent laws and regulations of a foreign country, and received a fine (including penalties under equivalent laws and regulations of a foreign country), where five years have not passed since the day of the payment of the fine or since such penalty was no longer applicable;

(c) A person for which the corporate representative director, operating officer, auditor, or a person holding a similar position, falls under any of the Sub-items (a) through (h) of Item (viii).

3. The amount determined by Cabinet Order for Item (ii) of the preceding paragraph shall not be less than one hundred million (100,000,000) yen.

4. The net asset amount referred to in Item (iii) of Paragraph 2 shall be calculated by the method prescribed by Cabinet Order.

5. The “Principal Shareholder” in Items (ix) and (x) of Paragraph 2 shall mean a person who holds more than twenty (20) per cent (for matters prescribed by Cabinet Order as matters expected to significantly affect decisions related to the financial and operational policies of a corporation, fifteen (15) per cent) of the voting rights (in a business corporation or a limited liability corporation, excluding voting rights related to the types of shares or equity provided for in [Article 211-2\(4\)](#) of the [Commercial Code](#), and including voting rights related to shares and equity deemed to have voting rights under [Paragraph 5](#) of the [same article](#); hereinafter the same shall apply) of all of the shareholders or investors in a corporation (excluding those prescribed by Cabinet Order taking into consideration the form of ownership and other conditions).

6. The “Subsidiary” referred to in Item (ix) of Paragraph 2 shall mean such other corporation for which a majority of the voting rights of all of the shareholders or employees is held by the corporation. In which case, such other corporation for which a

corporation and one or more of its Subsidiaries, or one or more of the Subsidiaries of the corporation, holds the majority of the voting rights of all of the shareholders or employees, shall be deemed to be a Subsidiary of such corporation.

7. The subject voting rights prescribed in each of the following items shall be deemed to be held for the application of Paragraph 5 in the cases listed in the following items:

- (i) Where the authority to exercise subject voting rights for a corporation, or the authority to give instructions on the exercise of such subject voting rights, is held pursuant to the provisions of a trust agreement, or other contract, or a law; such subject voting rights;
- (ii) Where a person in a relationship of ownership of shares, kinship, or other special relationship prescribed by Cabinet Order holds subject voting rights for a corporation; such voting rights held by the person in such special relationship.

8. The Prime Minister may, when the Prime Minister regards it as necessary in light of the examination standards under the provisions of Paragraph 1, add or change conditions to the license in Article 3, to the extent necessary.

(Reduction of the amount of paid-in capital)

Article 6. A Trust Corporation (excluding Asset Management Trust Corporations) must receive the approval of the Prime Minister when it seeks to reduce the amount of paid-in-capital.

(Registration)

Article 7. Notwithstanding the provisions of Article 3, a person who is registered by the Prime Minister may conduct an Asset Management Trust Business.

- 2. The term of the registration in the preceding paragraph shall be three years from the day of such registration.
- 3. A person who seeks to continue to conduct an Asset Management Trust Business after the expiry of the term must apply for renewal of the registration within the period prescribed by Cabinet Order.
- 4. When registration is renewed under the preceding paragraph, the term of such registration shall be three years from the day after the expiry date of the previous registration period.
- 5. A person seeking renewal of the registration under Paragraph 3 must pay the fee pursuant to the provisions of the relevant Cabinet Order.
- 6. Where a renewal application for the registration under Paragraph 3 is submitted, and the application is not processed by the

expiry date of such registration period, such previous registration shall be deemed to be effective after the expiry of the registration period, until the application is processed.

(Applications for Registration)

Article 8. A person (referred to as “Applicant” in Article 10(1)) who seeks registration under Paragraph 1 of the preceding article (including renewal of registration under Paragraph 3 of the same article; hereinafter the same shall apply in Article 10(1), Article 45(1)(iii) and Article 111(iii)) must submit an application form stating the following matters to the Prime Minister:

- (i) The trade name;
- (ii) The amount of capital;
- (iii) The names of directors and auditors;
- (iv) If business other than Trust Business is conducted: The nature of that business;
- (v) The names and addresses of the head office and other places of business.

2. The following documents must be attached to the application form in the preceding paragraph:

- (i) The articles of incorporation;
- (ii) The corporation’s certificate of commercial registration;
- (iii) The statement of operational procedures;
- (iv) The balance sheet;
- (vi) Other documents prescribed by Cabinet Order.

3. The following matters must be included in the statement of operational procedures in Sub-item (iii) of the preceding paragraph:

- (i) The types of trust assets to be subject to underwriting;
- (ii) The methods of maintenance or disposal of the trust assets;
- (iii) The methods of separate maintenance for trust assets;
- (iv) The implementation system for the Trust Business;
- (v) If the Trust Business is to be partially entrusted to a third person, the details of the trust business to be entrusted and the person to be so entrusted (if the person to be entrusted is not finalized, the standards and procedures for the selection of

such person);

(vi) Other matters prescribed by Cabinet Order.

(Registration in a Register)

Article 9. The Prime Minister must, where an application is made under Article 7(1), register the following matters in the Asset Management Trust Corporations register, except for applications denied under the provisions of Paragraph 1 of the following article :

- (i) The matters listed in each item of Paragraph 1 of the preceding article;
- (ii) The registration date and registration number.

2. The Prime Minister must make the Asset Management Trust Corporations register available for public inspection.

(Denial of Registration)

Article 10. The Prime Minister must deny the registration of an Applicant when that Applicant falls under any of the following items, or if the application form in Article 8(1) or the attached documents in each item of Paragraph 2 of the same article include false statements or omit material facts:

- (i) A person who falls under any of the items of Article 5(2) (excluding Items (ii) and (iii));
- (ii) A business corporation, the paid-in capital of which does not satisfy the amount prescribed by Cabinet Order as necessary and appropriate for protection of settlors or beneficiaries;
- (iii) A business corporation, the net assets of which do not satisfy the amount provided for in the preceding item;
- (iv) A business corporation where the articles of incorporation or the statement of operational procedures does not comply with laws and regulations, or is insufficient to conduct Asset Management Trust Business in a proper manner;
- (v) A business corporation that does not, in light of the structure of its human resources, have the knowledge and experience to conduct Asset Management Trust Business in an appropriate manner.

2. The net assets amount referred to in Item (iii) of the preceding paragraph, shall be calculated by the method prescribed by Cabinet Order.

(Business Security Deposits)

- Article 11. A Trust Corporation must deposit a business security deposit at a depository near its head office.
2. The amount of the business security deposit in the preceding paragraph shall be the amount prescribed by Cabinet Order in consideration of the details of the Trust Business and the need to protect beneficiaries.
 3. A Trust Corporation shall, pursuant to the provisions of the relevant Cabinet Order, enter into an agreement to the effect that the required business security deposit will be deposited for the Trust Corporation in response an order from the Prime Minister, and when the Prime Minister is notified to such effect, may elect to not deposit all or part of the business security deposit in Paragraph 1 that is to be deposited under the agreement (hereinafter in this article “Agreed Amount”), while the agreement is in effect.
 4. The Prime Minister may, when the Prime Minister regards it as necessary for the protection of beneficiaries, order a person who entered into an agreement in the preceding paragraph with a Trust Corporation, or such Trust Corporation, to deposit all or part of the Agreed Amount.
 5. A Trust Corporation may not commence Trust Business until after the business security deposit in Paragraph 1 is deposited (including the entering into of the agreement in Paragraph 3), and the Prime Minister is notified to that effect.
 6. Trust beneficiaries shall, in relation to obligations arising from the trust, have the right to be paid ahead of other creditors from the business security deposit of the Trust Corporation that is the trustee of the trust.
 7. The matters necessary for the execution of the rights in the preceding paragraph shall be prescribed by Cabinet Order.
 8. When the amount of the business security deposit (including the Agreed Amount; the same shall apply in Paragraph 10) falls short of the amount prescribed by Cabinet Order in Paragraph 2, the Trust Corporation must deposit the balance due (including the entering into of the agreement of Paragraph 3) within three weeks of the day prescribed by Cabinet Order, and notify the Prime Minister to that effect without delay.
 9. The business security deposit to be deposited under Paragraph 1 or the preceding paragraph may be made in the form of government bonds, municipal bonds, and other securities prescribed by Cabinet Order (including corporate bonds, etc., eligible for book-entry transfer provided for in [Article 129\(1\)](#) of the [Act on Book-Entry Transfer of Corporate Bonds](#) (Act No. 75 of 2001)).
 10. The business security deposit deposited in accordance with Paragraphs 1, 4 or 8 may be recovered in whole or in part pursuant to the provisions of the relevant Cabinet Order where the registration under Article 7(3) has not been renewed, the license under Article 3 has been rescinded under the provisions of Article 44(1), the registration under Article 7(1) has been

rescinded under the provisions of Article 45(1), the license under Article 3 or the registration under Article 7(1) has expired under the provisions of Article 46(1) and the transfer of the trust assets to a new trustee or the person in whom the assets vest has been completed, or the amount of the business security deposit has exceeded the amount prescribed by Cabinet Order in Paragraph 2.

11. In addition to the provisions of each of the preceding paragraphs, the matters necessary for business security deposits shall be prescribed by Cabinet Order or Ordinance of the Ministry of Justice.

(Notification of Changes)

Article 12. When there are changes in the matters listed in any of the items of Article 4(1) a Trust Corporation (excluding Asset Management Trust Corporations) must notify the Prime Minister to that effect within two weeks of that day.

2. When there are changes in the matters listed in any of the items of Article 8(1), an Asset Management Trust Corporation must notify the Prime Minister to that effect within two weeks of that day.

3. The Prime Minister must, on receipt of the notification in the preceding paragraph, register an entry to that effect in the Asset Management Trust Corporations register.

(Changes to Statements of Operational Procedures)

Article 13. A Trust Corporation (excluding Asset Management Trust Corporations) must receive the approval of the Prime Minister when it intends to change its Statement of Operational Procedures.

2. When an Asset Management Trust Corporation intends to change its statement of operational procedures, it must notify the Prime Minister to that effect in advance.

(Trade Names)

Article 14. A Trust Corporation must include the words "Trust Corporation" in its trade name.

2. A person that is not a Trust Corporation may not use characters in its name that make it likely to be mistaken as a trust corporation; provided, however, that this shall not apply to a person has received a license under [Article 5\(1\)](#) of the [Secured Debentures Trust Act](#), or approval under Article 1(1) of the [Act on the Concurrent Undertaking of Trust Business by](#)

[Financial Institutions.](#)

(Prohibition of Name-Lending)

Article 15. A Trust Corporation may not allow another person to conduct Trust Business using the Trust Corporation's name.

(Restrictions on Outside Positions of Directors)

Article 16. A director who is involved in the ordinary course of business of a Trust Corporation (an operating officer in case of a Corporation with Audit Committee), must receive the approval of the Prime Minister, in order to participate in the ordinary course of business of another corporation, or to operate another business.

Subchapter 2. Principal Shareholders

(Notification by Principal Shareholders)

Article 17. A person who becomes a Principal Shareholder of a Trust Corporation (referring to a Principal Shareholder provided for in Article 5(5); hereinafter the same shall apply), must submit to the Prime Minister without delay a subject voting rights ownership form stating the ratio of ownership of subject voting rights (referring to the ratio received by dividing the number of subject voting rights owned by such owner by the sum of the voting rights of all shareholders in the Trust Corporation), the purpose of ownership and other matters prescribed by Cabinet Order.

2. A covenant to the effect that Article 5(2)(ix) and (x) do not apply and other documents prescribed by Cabinet Order must be attached to the subject voting rights ownership form in the preceding paragraph.

(Order for Disposal)

Article 18. When a Principal Shareholder of a Trust Corporation falls under any of the sub-items in Article 5(2)(ix)(a) or (b), or (x)(a) through (c), the Prime Minister may order such Principal Shareholder to take measures to cease being a Principal Shareholder of such Trust Corporation and other necessary measures, prescribing a period of within three months.

(Notification of Cessation of Status as Principal Shareholder)

Article 19. A Principal Shareholder of a trust corporation who has ceased to be a Principal Shareholder of such Trust

Corporation must notify the Prime Minister to that effect without delay.

(Application to Holding Corporations with Trust Corporations as Subsidiaries)

Article 20. The provisions of the preceding three articles shall apply *mutatis mutandis* to shareholders or investors in a holding corporation that owns a Trust Corporation as a Subsidiary (referring to subsidiaries provided for in Article 5(6); hereinafter the same shall apply, excluding Article 51).

Subchapter 3. Business

(Scope of Business)

Article 21. A Trust Corporation may, in addition to Trust Business, conduct Trust Agreement Agency Business, Beneficial Interest Sales Business and asset management business (limited to the management of assets of the same kind and in the same manner as the trust assets included in the Trust Corporation's statement of operational procedures (referring to a statement of operational procedures in Article 4(2)(iii) or Article 8(2)(iii))).

2. A Trust Corporation may, with the approval of the Prime Minister, conduct a business related to the Trust Business where there is no risk of hindrance to the proper and secure performance of its Trust Business, in addition to the businesses conducted under the provisions of the preceding paragraph.
3. When a Trust Corporation seeks the approval under the preceding paragraph, the Trust Corporation must submit an application form to the Prime Minister, with an attachment stating the details and method of the business to be conducted and the reason for engaging in the same.
4. When a Trust Corporation seeks change the details or method of the business it conducts pursuant to Paragraph 2, the Trust Corporation must receive the approval of the Prime Minister.
5. A Trust Corporation may not engage in any business other than the businesses it conducts pursuant to Paragraphs 1 and 2.
6. Where an application form for a license under Article 3 or a registration under Article 7(1) states that the Applicant conducts a business other than the business stipulated in Paragraph 1, and such Applicant receives such license or is registered, such Applicant will be deemed to have received approval under Paragraph 2 for engaging in such business.

(Entrustment of Trust Business)

Article 22. A Trust Corporation may, limited to where all of the following requirements are satisfied, entrust part of the Trust Business in relation to entrusted trust assets to a third person:

- (i) That the trust agreement clearly states that the Trust Business may be partially entrusted and the person to be so entrusted (if the person to be entrusted is not finalized, the standards and procedures for the selection of such person);
- (ii) That the entrusted person is capable of conducting the entrusted Trust Business appropriately;
- (iii) That the agreement regarding such entrustment includes a condition that the entrusted person will manage the entrusted assets separately from its own assets and other conditions prescribed by Cabinet Order.

2. Where a Trust Corporation has entrusted Trust Business, with regards to the application of the provisions of Article 28 to Article 30 (excluding Article 29(3)) and the provisions of Chapter 8 related to the preceding articles, “Trust Corporation” shall be read as “Trust Corporation (including persons entrusted by such Trust Corporation).”

(Liability of Trust Corporations with regards to Entrustment of Trust Business)

Article 23. A Trust Corporation shall be liable for losses caused to beneficiaries in the carrying out of entrusted business by the person entrusted with Trust Business; provided, however, that this shall not apply when the Trust Corporation exercised due diligence in selecting the entrusted person, and has endeavored to prevent the losses caused to beneficiaries in the carrying out of entrusted business from arising.

(Code of Conduct for Underwriting of Trusts)

Article 24. A Trust Corporation may not carry out the following acts in relation to the underwriting of a trust:

- (i) An act of giving false information to a settlor;
- (ii) An act of providing a definitive conclusion regarding an uncertain matter, or information likely to give rise to a misunderstanding that the matter is certain;
- (iii) An act of promising special benefits to a settlor, beneficiary or third person, or of providing such benefits (including the act of promising the provision of special benefits through a third person, or of causing such provision);
- (iv) The act of promising to reimburse losses in beneficial interests in the trust to settlors, beneficiaries, or third persons where the same arise, or to supplement the difference where profits agreed upon in advance are not received, or of supplementing

losses in beneficial interests, or the difference where profits agreed upon in advance are not received (including causing a third person to promise or to carry out such acts; excluding the reimbursement of losses attributable to the Trust Corporation);

(v) Other acts prescribed by Cabinet Order as failing to protect settlors.

2. A Trust Corporation must underwrite trusts that are appropriate in light of the settlor's knowledge, experience and the condition of the assets, and conduct its business in a manner that does not fail to protect settlors.

(Explanation of Details of Trust Agreements)

Article 25. A Trust Corporation must explain, in advance, the trade name of such Trust Corporation and the matters listed in Items (iii) through (xvi) of Paragraph (1) of the following article when underwriting a trust under a trust agreement. Provided, however, that this shall not apply to cases prescribed by Cabinet Order as causing no hindrance to the protection of settlors.

(Delivery of Documents on Entering into of Trust Agreements)

Article 26. A Trust Corporation that underwrites a trust under a Trust Agreement must deliver documents clearly stating the following matters to settlors without delay; provided, however, that this shall not apply to cases prescribed by Cabinet Order as cases where omission of delivery of the document to settlors will not hinder the protection of settlors:

(i) The date of entering into of the trust agreement;

(ii) The name of the settlors and the trade name of the trustee;

(iii) The purpose of the trust;

(iv) Matters related to the trust assets;

(v) Matters related to the term of the trust agreement;

(vi) Matters related to the method of management or disposal of the trust assets (for a trust that does not fall under any of the items of Article 2(3), including policies on the management and disposal of the trust assets);

(vii) If the Trust Business is to be entrusted, the details of the Trust Business to be entrusted and the name and address of the person to be so entrusted (if the entrusted person is not finalized, the standards and procedures for selection of such person);

(viii) If a transaction listed in any of the items of Article 29(2) is to be carried out, that fact and an outline of the transaction;

- (ix) Matters related to the beneficiaries;
- (x) Matters related to the delivery of the trust assets;
- (xi) Matters related to the trust fees;
- (xii) Matters related to taxation and other expenses in connection with the trust assets;
- (xiii) Matters related to the calculation period for the trust assets;
- (xiv) Matters related to reporting on the management or disposal of the trust assets;
- (xv) Matters related to the termination of the trust agreement;
- (xvi) Other items determined by Cabinet Order.

2. A Trust Corporation may, with the settlors' consent, provide the matters to be included in the documents by an electronic information processing system, or by other methods using information technology prescribed by Cabinet Order in substitution for the delivery of the documents listed in the preceding paragraph, pursuant to the provisions of the relevant Cabinet Order. In which case, the Trust Corporation shall be deemed to have delivered such documents.

3. The calculation period in Item (xiii) of Paragraph 1 may not exceed one year, unless otherwise prescribed by Cabinet Order.

(Delivery of Trust Asset Statements)

Article 27. A Trust Corporation must prepare a statement on the entrusted trust assets for each calculation period for such trust assets and deliver the same to the beneficiaries of such trust assets; provided, however, that this shall not apply to cases prescribed by Cabinet Order as cases where omission of delivery of the statement to beneficiaries will not hinder the protection of beneficiaries.

2. Paragraph 2 of the preceding article shall apply *mutatis mutandis* to the delivery of statements on the trust assets to the beneficiaries.

(Trust Corporation's Duty of Good Faith)

Article 28. A Trust Corporation must conduct Trust Business in good faith on behalf of the beneficiaries of the trust assets, in accordance with the laws and regulations and the objectives of the trust.

2. A Trust Corporation must conduct Trust Business with due diligence, in accordance with the objectives of the trust.

3. A Trust Corporation must, pursuant to the provisions of relevant Cabinet Orders, establish a system for the separate

management of the trust assets and its own assets or those of other trusts, and otherwise establish systems that will not cause loss in the trust assets or a loss of credibility for the trust business.

(Code of Conduct for Trust Assets)

Article 29. A Trust Corporation may not commit the following acts in relation to entrusted trust assets:

- (i) The carrying out of transactions under conditions that differ from ordinary transactions, such as would cause loss in the trust assets.
- (ii) The carrying out of transactions that are unnecessary in light of the objectives of the trust, the condition of the trust assets, or policies on the management and disposal of the trust assets.
- (iii) The carrying out of transactions using information related to the trust assets, with the objective of benefiting itself or a person other than the beneficiaries of the trust assets (except those prescribed by Cabinet Order).
- (iv) Other acts prescribed by Cabinet Order as acts that may cause loss in the trust assets, or loss of credibility for the trust business.

2. A Trust Corporation may not carry out the following transactions, except where the trust agreement provides for the carrying out of such transactions and an outline of such transactions, and where there is no risk of loss in the trust assets.

- (i) Transactions between itself or interested persons (referring to persons prescribed by Cabinet Order as being in a close shareholding or personal relationship) and the trust assets;
- (ii) Transactions between one trust asset and another trust asset.

3. Where a Trust Corporation has carried out transactions in each item of the preceding paragraph, it must prepare a transaction statement for each trust assets calculation period, and deliver the same to the beneficiaries of such trust assets; provided, however, that this shall not apply to cases prescribed by Cabinet Order as cases where omission of delivery of the statement to beneficiaries will not hinder the protection of beneficiaries.

4. The provisions of Article 26(2) shall apply *mutatis mutandis* to the delivery of the statements in the preceding paragraph to beneficiaries.

(Exceptions to Public Notification of Trusts)

Article 30. Where a Trust Corporation manages securities held as trust assets separately from securities held as its own

assets, such securities may be asserted against third persons as trust assets.

2. Where a Trust Corporation expressly states, pursuant to the provisions of the relevant Cabinet Order or Ordinance of the Ministry of Justice, that registered corporate bonds, etc., are held as trust assets (referring to corporate debentures registered under [Article 3\(1\)](#) of the [Debenture Registration Act](#) (Act No. 11 of 1942) and obligations registered under the same provision as applied *mutatis mutandis* under [Article 14](#) of the [Debenture Registration Act](#); hereinafter the same shall apply in this paragraph) in a registration of transfer under [Article 5](#) of the [Debenture Registration Act](#), or other registration prescribed by Cabinet Order or Ordinance of the Ministry of Justice, in relation to the application of the [same article](#) and [Article 3\(1\)](#) of the [Trust Act](#) (Act No. 62 of 1922), such registration shall be deemed to be a registration of the trust. In which case, when the Trust Corporation disposes of such registered corporate debentures, etc., in violation of the objectives of the trust, the beneficiaries may rescind such disposal, limited to when the counterparty to such disposal and subsequent purchasers knew that such disposal was in violation of the objectives of the trust, or did not know due to gross negligence.
3. Where a Trust Corporation expressly states, pursuant to the provisions of the relevant Cabinet Order or Ordinance of the Ministry of Justice that registered government bonds are held as trust assets (referring to government bonds registered under [Article 2\(2\)](#) of the [Act on Government Bonds](#) (Act No. 34 of 1906); hereinafter the same shall apply in this paragraph) in a registration of transfer under [Article 3](#) of the [Act on Government Bonds](#) or other registration prescribed by Cabinet Order or Ordinance of the Ministry of Justice , in relation to the application of [Article 3\(1\)](#) of the [Trust Act](#) such registration shall be deemed to be a registration of the trust. In which case, when the Trust Corporation disposes of such registered government bonds in violation of the objectives of the trust, the beneficiaries may rescind such disposal, limited to when the counterparty to such disposal and subsequent purchasers knew that such disposal was in violation of the objectives of the trust, or did not know due to gross negligence.

(Offsetting of Obligations with respect to Trust Assets)

Article 31. A Trust Corporation may set off obligations constituting trust assets of the trust where the obligor is a clearing institution (referring to a securities clearing institution provided for in [Article 2\(31\)](#) of the [Securities Exchange Act](#) or a financial futures clearing institution provided for in [Article 2\(15\)](#) of the [Financial Futures Exchange Act](#) (Act No. 77 of 1988); hereinafter the same shall apply in this paragraph; limited to where the clearing institution became the obligor as a

result of debt assumption (limited to debt assumption carried on as a securities debt assumption business, etc., provided for in [Article 156-3\(1\)\(v\)](#) of the [Securities Exchange Act](#) or as a financial futures debt assumption business, etc., provided for in Article 37(1) of the [Financial Futures Exchange Act](#); hereinafter the same shall apply in this paragraph)) against other obligations constituting trust assets (limited to those obligations assumed as consideration for debt assumption by the clearing institution); provided, however, that this shall not apply where the trust deed provides otherwise.

2. If a Trust Corporation that offsets under the provisions of the preceding paragraph causes loss in the trust assets by such offsetting, the Trust Corporation shall be held liable to compensate for such loss.

Subchapter 4. Accounting

(Fiscal Year)

Article 32. The fiscal year for a Trust Corporation shall be from April 1st to March 31st of the following year.

(Operating Statements)

Article 33. A Trust Corporation must prepare an operating statement every fiscal year, and submit the same to the Prime Minister within three months of the end of each fiscal year.

(Public Inspection of Documents concerning Business and Assets)

Article 34. A Trust Corporation must prepare a document explaining matters concerning the business and the condition of the assets prescribed by Cabinet Order every fiscal year, and make the same available for public inspection at all places of business for one year from the date on which a certain period determined by Cabinet Order has passed after the end of each fiscal year.

(Denial of Shareholders' Inspection Rights)

Article 35. The provisions of [Articles 293-6](#) and [293-8](#) of the [Commercial Code](#), and [Article 44-3](#) of the [Limited Liability Corporations Act](#), shall not apply to the accounting books and materials (limited to those related to trust assets) of a Trust Corporation (excluding Asset Management Trust Corporations; hereinafter the same shall apply through Article

39).

Subchapter 5. Supervision

(Approval of Mergers)

Article 36. A merger for which Trust Corporations constitute some or all of the parties, must receive the approval of the Prime Minister to be effective.

2. A trust corporation seeking approval under the preceding paragraph must submit an application form to the Prime Minister stating the matters listed in each item of Article 4(1) concerning the surviving business corporation or the newly established business corporation (referred to as the “Merged Trust Corporation” in Paragraph 4).
3. The merger agreement as well as the documents prescribed by Cabinet Order must be attached to the application form in the preceding paragraph.
4. Where an application is made for approval under Paragraph 1, the Prime Minister must examine whether or not the Merged Trust Corporation complies with the standards listed in each item of Article 5(1). In which case, the Prime Minister may not approve if the Merged Trust Corporation falls under any of the conditions provided for in the items of Article 5(2), or the application form in Paragraph 2 or the attached documents in the preceding paragraph include false statements or omit material information.

(Approval of Incorporation-type Demergers)

Article 37. A demerger carried out for the purpose of a Trust Corporation having a newly established business corporation succeed to all of the Trust Business (referred to as “Incorporation-type Demerger” in the following paragraph) shall not become effective unless the Prime Minister’s approval is received.

2. A Trust Corporation seeking approval under the preceding paragraph must submit an application form to the Prime Minister stating the matters listed in each of the items of Article 4(1) in relation to the business corporation to be established (referred to as the “New Corporation” in Paragraph 4) by the Incorporation-type Demerger.
3. A demerger plan and other documents prescribed by Cabinet Order must be attached to the application form in the preceding paragraph.

4. Where an application is made for approval under Paragraph 1, the Prime Minister must examine whether or not the New Corporation complies with the standards listed in each item of Article 5(1). In which case, the Prime Minister must not approve if the New Corporation falls under any of the conditions listed in the items of Article 5(2), or the application form in Paragraph 2 or the attached documents in the preceding paragraph include false statements or omit material information.

(Approval of Absorption-type Demergers)

Article 38. A demerger carried out for the purpose of a Trust Corporation having another business corporation succeed to all or part of the Trust Business (referred to as “Absorption-type Demerger” in the following paragraph), shall not become effective unless the approval of the Prime Minister is received. Provided, however, that this shall not apply to an Absorption-type Demerger limited to succession to Asset Management Trust Business.

2. A Trust Corporation seeking approval under the preceding paragraph must submit an application form to the Prime Minister stating the following matters in relation to the business corporation that will succeed to all or part of the Trust Business by the Absorption-type Demerger (referred to as the “Successor Corporation” hereinafter in this paragraph):

- (i) The matters listed under each of the items of Article 4(1);
- (ii) The details of the Trust Business to be assigned to the Successor Corporation.

3. A demerger plan and other documents prescribed by Cabinet Order must be attached to the application form in the preceding paragraph.
4. When an application is made for approval under Paragraph 1, the Prime Minister must examine whether or not the Successor Corporation complies with the standards listed in each item of Article 5(1). In which case, the Prime Minister must not approve if the Successor Corporation falls under any of the conditions listed in the items of Article 5(2), or the application form in Paragraph 2 or the attached documents in the preceding paragraph include false statements or omit material information.

(Approval of Transfers of Business)

Article 39. A transfer of all or part of the Trust Business that a Trust Corporation carries out to another Trust Corporation (referred to as “Transfer of Business” in the following paragraph) shall not become effective unless the approval of the Prime Minister is received. Provided, however, that this shall not apply to a Transfer of Business limited to Asset

Management Trust Business.

2. A Trust Corporation seeking approval under the preceding paragraph must submit an application form to the Prime Minister stating the following matters in relation to the Trust Corporation that will receive the transfer of all or part of the Trust Business by the Transfer of Business (referred to as the “Transferee Corporation” hereinafter in this paragraph):

- (i) The matters listed under each of the items of Article 4(1);
- (ii) The details of the Trust Business to be transferred to the Transferee Corporation.

3. The transfer agreement and other documents prescribed by Cabinet Order must be attached to the application form in the preceding paragraph.

4. When an application is made for approval under Paragraph 1, the Prime Minister must examine whether or not the Transferee Corporation complies with the standards listed in each item of Article 5(1). In which case, the Prime Minister must not approve if the Transferee Corporation falls under any of the conditions listed in the items of Article 5(2) or the application form of Paragraph 2 or the attached documents in the preceding paragraph include false statements or omit material information.

5. The provisions of each of the preceding paragraphs shall apply *mutatis mutandis* to transfers of all or part of the Trust Business carried out by a Trust Corporation to another Foreign Trust Corporation. In which case, the words in the provisions in the left column that are listed in the middle column shall be read as the words listed in the right column.

Paragraph 2(i)	each item of Article 4(1)	each item of Article 53(2)
Paragraph 4	each item of Article 5(1)	each item of Article 53(5)
	each item of Article 5(2)	each item of Article 53(6)

(Succession to Rights and Obligations)

Article 40. A Trust Corporation that survives a merger, or is newly established under the provisions of a merger (referred to as “Merged Trust Corporation” in the following paragraph) shall succeed to the rights and obligations of the dissolved Trust Corporation regarding the trust.

2. If a beneficiary objects to a merger under the preceding Paragraph, the duties of the Merged Trust Corporation as trustee in relation to such beneficiary shall terminate. In which case, the Merged Trust Corporation must preserve the trust assets until a new trustee can commence handling the administration of the trust, and perform the acts necessary for succeeding to the

administration of the trust.

3. The provisions of Paragraph 1 shall apply *mutatis mutandis* to a Trust Corporation that succeeds to Trust Business by demerger, and the provisions of the preceding paragraph shall apply *mutatis mutandis* to a beneficiary who objects to a demerger, respectively.

(Notifications)

Article 41. A Trust Corporation that falls under any of the following items must notify the Prime Minister to that effect without delay:

- (i) When a petition has been filed for the commencement of bankruptcy, corporate reorganization, corporate arrangement, or corporate rehabilitation proceedings.
- (ii) When the Trust Corporation has undergone a merger (excluding where the Trust Corporation is dissolved as a result of the merger), causes succession to part of the Trust Business through a demerger, or transfers part of the trust business.
- (iii) When the Trust Corporation falls under other cases prescribed by Cabinet Order.

2. When a Trust Corporation falls under any of the following items, the persons prescribed in each item must notify the Prime Minister to that effect without delay:

- (i) When the Trust Corporation has terminated its trust business (including when the Trust Corporation causes succession to all of the trust business through a demerger and when all of the trust business is transferred): The corporation;
- (ii) When the Trust Corporation has been dissolved through a merger: A person who was a representative director, operating officer, or an auditor of the corporation;
- (iii) When the Trust Corporation has been dissolved due to a ruling for the commencement of bankruptcy proceedings: The trustee in bankruptcy;
- (iv) When the Trust Corporation is dissolved other than through a merger or the commencement of bankruptcy proceedings: The liquidator.

3. When a Trust Corporation terminates its Trust Business, undergoes a merger (limited to where such trust corporation is dissolved through the merger), dissolves for a reason other than a merger or commencement of bankruptcy proceedings, causes succession to all or part of its Trust Business through a demerger, or seeks to transfer all or part of its Trust Business, the Trust Corporation must, pursuant to the provisions of the relevant Cabinet Order, give public notice to that effect and

post the same in a prominent place at all its places of business, at least 30 days prior to that day.

4. A Trust Corporation must, when it has given public notice under the preceding paragraph, immediately notify the Prime Minister to that effect.
5. When a Trust Corporation (excluding Asset Management Trust Corporations; hereinafter the same shall apply in this paragraph) is registered under Article 7(1) or Article 52(1), or when an Asset Management Trust Corporation is registered under Article 52(1), such Trust Corporation or Asset Management Trust Corporation must, pursuant to the provisions of the relevant Cabinet Order, give public notice to that effect and post the same in a prominent place in all its places of business, without delay.

(On-site Inspections)

Article 42. When the Prime Minister regards it as necessary to ensure the sound and appropriate conduct of Trust Business by a Trust Corporation, the Prime Minister may order such Trust Corporation, a person who transacts with such trust corporation regarding such business, or a holding corporation that holds such Trust Corporation as a Subsidiary, to submit reference reports or materials concerning the business or assets of such Trust Corporation, or order the relevant officials to enter and inspect the places of business and other facilities of such Trust Corporation, or the places of business or offices of the holding corporation that holds such Trust Corporation as a Subsidiary, and inquire into the condition of the business or assets of the same, or inspect books and documents and other property.

2. When the Prime Minister regards it as necessary to ensure the sound and appropriate conduct of Trust Business by a Trust Corporation, the Prime Minister may order a Principal Shareholder of such Trust Corporation, or a Principal Shareholder of a holding corporation that holds such Trust Corporation as a Subsidiary, to submit reports or take measures under Articles 17 through 19 or to submit reference reports or materials concerning the business or assets of such Trust Corporation, or order the relevant officials to enter and inspect the places of business and other offices of these Principal Shareholders, and inquire into the reports or measures under Articles 17 through 19 or the condition of the business or assets of such trust corporation, or inspect the documents and other property of such Principal Shareholders.
3. An official conducting an on-site inspection under the provisions of the preceding two paragraphs must carry an identification document, and present the same to relevant persons.
4. The authority to conduct an on-site inspection under the provisions of Paragraphs 1 and 2 may not be construed as approval

for a criminal investigation.

(Business Improvement Order)

Article 43. When the Prime Minister regards it as necessary in light of the condition of the business or assets of a Trust Corporation to ensure the sound and appropriate conduct of such Trust Corporation's Trust Business, the Prime Minister may order the Trust Corporation to make changes in its statement of operational procedures, or take measures necessary to improve asset deposits, or the conduct of other business, or the condition of the assets, to the extent necessary.

(Supervisory Sanctions against Investment Management Trust Corporations)

Article 44. When a Trust Corporation (excluding Asset Management Trust Corporations; hereinafter the same shall apply in this paragraph) falls under any of the following items, the Prime Minister may rescind such Trust Corporation's license under Article 3, or order the suspension of all or part of its business for a period of within six months:

- (i) When the Trust Corporation falls under Items (i) through (vi) of Article 5(2);
- (ii) When it has becomes clear that the Trust Corporation fell under any of the items of Article 5(2) at the time it received the license under Article 3.
- (iii) When the Trust Corporation no longer has a human resources structure sufficient to conduct trust business in an appropriate manner.
- (iv) When it becomes clear that the Trust Corporation received the license under Article 3 by wrongful means.
- (v) When the Trust Corporation violates the conditions attached to the license under Article 3.
- (vi) When the Trust Corporation violates sanctions imposed under laws and regulations, or by the Prime Minister pursuant to laws and regulations.
- (vii) When the Trust Corporation acts contrary to the public interest.

2. When a director, operating officer or auditor of a Trust Corporation falls under any of the Sub-items (a) through (h) in Article 5(2)(viii), or carries out acts falling under Items (v) or (vi) of the preceding paragraph, the Prime Minister may order such Trust Corporation to discharge such director, operating officer, or auditor.

(Supervisory Sanctions against Asset Management Trust Corporations)

Article 45. When an Asset Management Trust Corporation falls under any of the following items, the Prime Minister may rescind such Asset Management Trust Corporation's registration under Article 7(1) or order the suspension of all or part of its business for a period of within six months:

- (i) When the Asset Management Trust Corporation falls under Items (i) or (iv) through (vi) of Article 5(2);
 - (ii) When the Asset Management Trust Corporation falls under Items (ii) through (v) of Article 10(1);
 - (iii) When it becomes clear that the Asset Management Trust Corporation was registered under Article 7(1) by wrongful means;
 - (iv) When the Asset Management Trust Corporation violates sanctions imposed under laws and regulations, or by the Prime Minister pursuant to laws and regulations;
 - (v) When the Asset Management Trust Corporation acts contrary to the public interest.
2. When a director, operating officer or auditor of an Asset Management Trust Corporation falls under any of the Sub-items (a) through (h) in Article 5(2)(viii), or carries out acts falling under Item 4 of the preceding paragraph, the Prime Minister may order such Asset Management Trust Corporation to discharge such director, operating officer, or auditor.

(Lapse of Licenses or Registration)

Article 46. When a Trust Corporation falls under any of the items of Article 41(2), the license under Article 3 or the registration under Article 7(1) shall lapse.

- 2. When a Trust Corporation (excluding Asset Management Trust Corporations) is registered under Article 7(1) or Article 52(1), such Trust Corporation's license under Article 3 shall lapse.
- 3. When an Asset Management Trust Corporation receives a license under Article 3, or is registered under Article 52(1), such Asset Management Trust Corporation's registration under Article 7(1) shall lapse.

(Erasure of Registrations)

Article 47. When a registration under Article 7(3) is not renewed, a registration under Article 7(1) is rescinded under the provisions of Article 45(1), or a registration under Article 7(1) lapses under the provisions of Paragraphs 1 or 3 of the preceding article, the Prime Minister must erase such registration.

(Public Notice of Supervisory Sanctions)

Article 48. When a license under Article 3 is rescinded under the provisions of Article 44(1), the registration under Article 7(1) is rescinded under the provisions of Article 45(1), or a suspension of all or part of its business is ordered under the provisions of Articles 44(1) or 45(1), the Prime Minister must give public notice to that effect.

(Procedure for Discharge in cases of Rescission of License)

Article 49. Where the Prime Minister does not renew of a registration under Article 7(3), rescinds a license under Article 3 under the provisions of Article 44(1), or rescinds a registration under Article 7(1) under the provisions of Article 45(1), in relation to the application [Article 47](#) of the [Trust Act](#), the words “the settlor, its successor, or the beneficiary,” in [that article](#) shall be read as “the settlor, its successor, the beneficiary, or the Prime Minister.”

2. In the cases in the preceding paragraph, in relation to the application of [Article 71-5\(1\)](#) of the [Non-Contentious Cases Procedure Act](#) (Act No. 14 of 1898) to the appointment of a custodian of the trust assets, the words “interested person” in [that paragraph](#) shall be read as “interested person or the Prime Minister.”
3. In the cases in Paragraph 1, in relation to the application of [Article 49\(1\)](#) of the [Trust Act](#) the words “interested person” in [that paragraph](#) shall be read as “interested person or the Prime Minister.”
4. In the cases in Paragraph 1, the trustee that was a trust corporation shall still be deemed to be a Trust Corporation until the court discharges such trustee that was a Trust Corporation.

(Prime Minister’s Opinion in Liquidation Procedures)

Article 50. The court may, in a procedure for liquidation, corporate reorganization, corporate arrangement, corporate rehabilitation or recognition and assistance, request an opinion, investigation or inquiry of the Prime Minister.

2. The Prime Minister may, in the procedures provided for in the preceding paragraph, state an opinion to the court where it is deemed necessary.
3. The provisions of Article 42(1), (3) and (4) shall apply *mutatis mutandis* where the Prime Minister receives a request for an investigation or inquiry from the court under Paragraph 1.

Subchapter 6. Special Exceptions for Specified Trusts

(Exceptions for Trusts between Persons in the Same Corporate Group)

Article 51. The provisions of Article 3 shall not apply to the underwriting of trusts that fall under all of following requirements:

- (i) That the settlor, trustee and beneficiary are all corporations belonging to the same corporate group (referring to a group consisting of one corporation and the Subsidiaries of such corporation (including foreign corporations; hereinafter the same shall apply hereinafter in this item and Paragraph 10); hereinafter referred to as “Corporate Group” in this article);
 - (ii) That where a special purpose corporation (referring to a special purpose corporation provided for in [Article 2\(3\)](#) of the [Act on Asset Liquidation](#)) is the beneficiary, the asset-backed security (referring to the asset-backed securities provided for in [Paragraph 11](#) of the [same Article](#); the same shall apply in Item (ii) of Paragraph 8) issued by such special purpose corporation is not held by a person that does not belong to the same corporate group as the beneficiary;
 - (iii) That a secret partnership agreement (referring to the secret partnerships provided for in [Article 535](#) of the [Commercial Code](#); the same shall apply to Item (iii) of Paragraph 8) concerning investment activities for the beneficial interests in the trust is not entered into with a person who does not belong to the same corporate group as the beneficiary;
 - (iv) The requirements prescribed by the Cabinet Order as equivalent to the preceding two items;
 - (v) That the trust agreement contains a condition that the trustee may resign its duties without the consent of the settlors or beneficiaries, when the trust no longer satisfies any of the requirements in the preceding items.
2. A person who underwrites a trust in the preceding paragraph must notify the Prime Minister to that effect in advance.
 3. Documents prescribed by Cabinet Order as documents that prove that such trust satisfies all of the requirements in the items of Paragraph 1 must be attached to the notification in the preceding paragraph in addition to the trust agreement for such trust.
 4. The Prime Minister may, when a trust under Paragraph 1 no longer satisfies any of the requirements in the items of Paragraph 1, order the trustee of such trust to take measures in order to cease being a trustee, and other necessary measures, prescribing a period of within three months.
 5. When a trustee of a trust pursuant to Paragraph 1 is no longer a trustee of a trust pursuant to Paragraph 1, or when it finds that the trust does not satisfy each of the requirements of the Sub-item of the Paragraph, it must promptly report such fact to the Prime Minister.

6. When the Prime Minister regards it as necessary to confirm the condition of a trust in Paragraph 1, the Prime Minister may, to the extent necessary, order the settlors, trustees or the beneficiaries of the trust of the Paragraph to submit notification under Paragraph 2 or the preceding Paragraph, or reference reports or materials on the measures under Paragraph 4, or order the relevant officials to enter and inspect the places of business, offices and other facilities of the trustees, and inquire into the notification under Paragraph 2 or the preceding paragraph or the measures under Paragraph 4 or inspect the trustees' documents or other property (limited to the extent necessary for the notification under Paragraph 2 or the preceding Paragraph, or the measures under Paragraph 4).

7. The provisions of Article 42(3) and (4) shall apply *mutatis mutandis* to on-site inspections under the provisions of the preceding paragraph.

8. A beneficiary of a trust in Paragraph 1 must not carry out the following acts:

(i) Causing a person who does not belong to the same corporate group as the beneficiaries of such trust to acquire a beneficial interest;

(ii) Causing a person who does not belong to the same corporate group as the beneficiaries of such trust, to acquire an asset-backed security relating to a beneficial interest;

(iii) The entering into of a secret partnership agreement concerning investment activities for the beneficial interests in such trust with a person who does not belong to the same corporate group as the beneficiaries;

(iv) The requirements prescribed by Cabinet Order as equivalent the preceding two items.

9. A Seller of Beneficial Interests may not sell beneficial interests in a trust in Paragraph 1, or act as an agent or a broker for such sale, for a person who does not belong to the same corporate group as the beneficiaries.

10. "Subsidiary" in Paragraph 1(i) shall mean such other corporation for which a majority of the voting rights of all shareholders or investors is held by the corporation. In which case, such other corporation for which a corporation and one or more of its Subsidiaries, or one or more of the Subsidiaries of the corporation, holds a majority of the voting rights of all shareholders or investors, shall be deemed to be a Subsidiary of such corporation.

(Exception for Trusts for Specified University Technology Transfer Businesses)

Article 52. Article 3 shall not apply to the underwriting of a trust as a specified university technology transfer business by a person who has received the approval of the Minister of Education, Culture, Sports, Science and Technology and the

Minister of Economy, Trade and Industry for a plan regarding the implementation of a specified university technology business (referred to as “Approved Operator” in Paragraph 3; referring to a specified university technology transfer business provided for in [Article 2\(1\)](#) of the [Act for Promoting University-Industry Technology Transfer](#) (Act No. 52 of 1998); hereinafter the same shall apply in this article) under [Article 4\(1\)](#) of the [same Act](#) following registration by the Prime Minister.

2. The provisions of Articles 8, 9, and 10 (excluding Item (ii) of Paragraph 1) shall apply *mutatis mutandis* to registration under the preceding Paragraph. In which case, the words in the provisions in the left column that are listed in the middle column shall be read as the words listed in the right column.

Article 8(1)(i)	trade name	trade name or name
Article 8(1)(ii)	capital	capital or investment
Article 8(1)(iii)	directors and auditors	executives
Article 8(1)(iv)	Trust Business	Trust Business (limited to that falling under specified university technology transfer business)
Article 8(1)(v)	head office and other places of business	principal place of business or office and other places of business or offices
Article 8(2)(i)	articles of incorporation	articles of incorporation or act of endowment
Article 8(2)(ii)	The corporation’s certificate of commercial registration of a corporation	Certificate of commercial registration
Article 9(1) and (1)	Asset Management Trust Corporation register	register of Approved Operators of specified university technology transfer businesses
Article 10(1)(i)	Items (ii) and (iii)	Items (i) through (iv)
Article 10(1)(iii)	A business corporation [the net assets of which] do not satisfy the amount provided for in the preceding item	A corporation [the net assets of which] are less than the capital or investment amount

Article 10(1)(iv)	articles of incorporation	articles of incorporation or act of endowment
	Asset Management Trust Business	underwriting of a trust that falls under specified university technology transfer business
	Business corporation	corporation
Article 10(1)(v)	Asset Management Trust Business	underwriting of a trust that falls under specified university technology transfer businesses
	Business corporation	corporation

3. Where an Approved Operator underwrites a trust after being registered under Paragraph 1, such Approved Operator shall be deemed to be a Trust Corporation (an Asset Management Trust Corporation for Article 12(2) and (3), Article 13(2), Article 45, Article 46(3) and Article 47), and Article 11 (excluding the portions on non-renewal of registration and rescission and lapsing of licenses in Paragraph 10), Article 12(2) and (3), Article 13(2), Articles 21 through 29, Article 33, Article 34, Article 41 (excluding Paragraph 5), Article 42 (excluding Paragraph 2), Article 43, Article 45, Article 46 (excluding the portions on lapsing of licenses), Article 47 (excluding the portions on non-renewal of registration), Article 48 (excluding the portions on rescission of licenses), Article 49 (excluding portions on the non-renewal of registration and rescission of licenses) and Article 50, as well as the provisions of Chapter VIII concerning these provisions shall apply. In which case, the words in the provisions in the left column that are listed in the middle column shall be read as the words listed in the right column.

Article 11(1)	head office	principal place of business or office
Article 11(10)	registration under Article 7(1)	registration under Article 52(1)
Article 12(3)	Asset Management Trust Corporations register	register of Approved Operators of specified university technology transfer businesses

Article 21(1)	in addition to Trust Business, [conduct]Trust Agreement Agency Business, Beneficial Interest Sales Business and asset management business	in addition to Trust Business (limited to that falling under specified university technology transfer business; hereinafter the same shall apply) and specified university technology transfer businesses (excluding that falling under Trust Business), Trust Agreement Agency Business concerning specified university technology transfer business, Beneficial Interest Sales Business and asset management business
	Article 4(2)(iii) or Article 8(2)(iii)	Article 8(2)(iii), applied <i>mutatis mutandis</i> under Article 52(2)
Article 21(6)	a license under Article 3 or a registration under Article 7(1)	a registration under Article 52(1)
	such license or is registered	is registered
Article 25 and Article 26(1)	trade name	trade name or name
Article 34	places of business	places of business or offices
Article 41(2)(i)	When [the Trust Corporation] has terminated its Trust Business (including when [the Trust Corporation] causes succession to all of the trust business through a demerger and when all of the trust business is transferred)	When [...] has terminated its trust business (including when [...] causes succession to all of the Trust Business through a demerger and when all of the trust business is transferred), or the approval under Article 4(1) of the Act for Promoting University-Industry Technology Transfer, is rescinded under the provisions of Article 5(2)
	Corporation	Operator
Article 41(2)(ii)	Corporation	Operator
	a [representative] director, operating officer or auditor	an executive
Article 41(3)	places of business	places of business or offices

Article 42(1)	places of business and other facilities of such Trust Corporation	places of business and other facilities of such Approved Operator
Article 45(1)	registration under Article 7(1)	registration under Article 52(1)
Article 45(1)(i)	Article 5(2)(i) or (iv) through (vi)	Article 5(2)(v) or (vi)
Article 45(1)(ii)	When [the Trust Corporation] falls under Article 10(1)(ii) through (v)	When [...] Article 10(1)(iii) through (v) applies <i>mutatis mutandis</i> under Article 52(2)
Article 45(1)(iii)	registered under Article 7(1)	registered under Article 52(1)
Article 45(2)	a director, operating officer or auditor	an executive
Article 46(1)	registration under Article 7(1)	registration under Article 52(1)
Article 46(3)	license under Article 3 or is registered under Article 52(1)	license under Article 3 or Article 53(1) or is registered under Article 7(1) or Article 54(1)
	registration under Article 7(1)	registration under Article 52(1)
Article 47	registration under Article 7(1)	registration under Article 52(1)
Article 48	registration under Article 7(1)	registration under Article 52(1)
	Articles 44(1) or 45(1)	Article 45(1)
Article 49(1)	registration under Article 7(1)	registration under Article 52(1)

Chapter III. Foreign Trust Firms

(Licenses)

Article 53. Notwithstanding the provisions of Article 3, limited to where a Foreign Trust Firm receives a license from the Prime Minister for a branch office that such Foreign Trust Firm establishes as the principal place of domestic Trust Business (hereinafter referred to as “Principal Branch”), such a Foreign Trust Firm may conduct Trust Business at such Principal Branch and other branch offices that such Foreign Trust Firm establishes within Japan.

2. A person seeking to receive a license under the preceding paragraph (“Applicant” in Paragraphs 5 and 6.) must appoint a representative who is responsible for all of its branches that conduct Trust Business (hereinafter referred to as “domestic representative”), and submit an application form stating the following matters to the Prime Minister:

(i) The trade name and the address of the principle place of business;

(ii) The amount of capital;

(iii) The names of the executives (referring to directors, operating officers, auditors or their equivalent. The same applies hereunder);

(iv) If business other than trust business is conducted at any of the branches: The nature of that business;

(v) The names and addresses of the Principal Branch and other branch offices

(vi) The name and domestic address of the domestic representative.

3. The following documents must be attached to the application form in the preceding paragraph:

(i) The articles of incorporation and the certificate of commercial registration (including equivalents of the same);

(ii) The statement of operational procedures;

(iii) The balance sheet;

(iv) A projected statement of income and expenditure;

(v) Other documents prescribed by Cabinet Order

4. The provisions of Article 4(3) shall apply *mutatis mutandis* to the statement of operational procedures in Item (ii) of the preceding paragraph.

5. When an application is made for approval under Paragraph 1, the Prime Minister must examine whether or not the Applicant complies with the following standards:

(i) That the articles of incorporation (including equivalents of the same) and the statement of operational procedures

comply with laws and regulations, and are sufficient to conduct Trust Business in a proper manner.

(ii) That applicant has an asset base sufficient for the sound conduct of Trust Business.

(iii) That the applicant has, in light of human resources structure of the branches, the knowledge and experience to conduct Trust Business in an appropriate manner, and sufficient social credibility.

6. The Prime Minister may not issue a business license, when the Applicant falls under any of the following items, or if the application form in Paragraph 2, or the attached documents in each item of Paragraph 3 include false statements or omit material information:

(i) A person that is not the same type of corporation as a business corporation;

(ii) A corporation, the Paragraph 2(ii) paid-in-capital of which does not satisfy the amount prescribed by Cabinet Order as necessary and appropriate for protection of settlors or beneficiaries;

(iii) A corporation, the net assets of which amount do not satisfy the amount in the preceding item;

(iv) A corporation that seeks to use a trade name at any branch office that is the same as or likely to be mistaken as a trade name actually in use by another Trust Corporation or a Foreign Trust Corporation;

(v) A corporation for which five years have not passed since the day on which; renewal of the registration under Article 7(3) was denied under the provisions of Paragraph 2 of the following Article applied *mutatis mutandis* under Paragraph 6 of the same article; the license under Paragraph 1 was rescinded under the provisions of Article 59(1); the registration under Paragraph 1 of the following article was rescinded under the provisions of Article 60(1); the registration under Article 67(1) was rescinded under the provisions of Article 82(1); renewal of the registration under Article 86(3) was denied under the provisions of Article 89; the registration under Article 86(1) was rescinded under the provisions of Article 102(1); the license under [Article 5\(1\)](#) of the [Secured Debentures Trust Act](#) was rescinded under the provisions of [Article 12](#) of the [Secured Debentures Trust Act](#); the approval under [Article 1\(1\)](#) of the [Act on the Concurrent Undertaking of Trust Business by Financial Institutions](#), was rescinded under the provisions of [Article 8-3](#) of the [Secured Debentures Trust Act](#); or a similar license, registration or approval received in the country where the corporation's head office is located (including a permit or other administrative disposition similar to such license, registration or approval) was rescinded under the provisions of laws and regulations of such country equivalent to this Act, the [Secured Debentures Trust Act](#), or the [Act on the Concurrent Undertaking of Trust Business by Financial Institutions](#); or the renewal of such license, registration or approval was denied, (in case of denial of a renewal, five years from the day of the denial);

- (vi) A corporation that has violated the provisions of the Acts provided for in Article 5(2)(vi), or the equivalent laws and regulations of a foreign country, and received a fine (including penalties under equivalent foreign laws and regulations), where five years have not passed since the payment of that fine or the since the day on which that fine was no longer applicable;
 - (vii) A corporation that conducts other business that is not related to its Trust Business at any branch office, or a corporation for which the conduct of such other business is regarded as likely to hinder the proper and secure conduct of its Trust Business;
 - (viii) A corporation the executives (including persons deemed to possess control over the corporation greater or equal to that of an executive, irrespective of title; hereinafter the same shall apply to Article 59(2) Article 60(2)), or domestic representatives of which include a person who falls under any of Sub-items (a) to (h) in Article 5(2)(viii) (8);
 - (ix) A corporation that has a Principal Shareholder (or the equivalent of the same) that has not been confirmed by the foreign authorities in charge of Trust Business as posing no risk of hindrance to the sound and appropriate conduct of Trust Business.
7. The capital amount referred to in Item (ii) of Paragraph 2 shall be calculated by the method prescribed by Cabinet Order.
 8. The net asset amount referred to in Item (iii) of Paragraph 6 shall be calculated by the method prescribed by Cabinet Order.
 9. The Prime Minister may, when the Prime Minister regards it as necessary in light of the examination standards under the provisions of Paragraph 5, add or change conditions to the license in Paragraph 1, to the extent necessary.

(Registration)

Article 54. Notwithstanding the provisions of Article 3, Article 7(1) and Paragraph 1 of the preceding article, a Foreign Trust Firm may, where its Principal Branch is registered by the Prime Minister, conduct Asset Management Trust Business at such Principal Branch and other domestic offices such Foreign Trust Firm establishes within Japan.

2. The provisions of Paragraphs 2 through 6 of Article 7, shall apply *mutatis mutandis* to registration under the preceding paragraph.
3. A person (“Applicant” in Paragraph 6) who seeks registration under Paragraph 1 (including renewal of the registration under Article 7(3) applied *mutatis mutandis* under the preceding paragraph; the same shall apply to Paragraph 6, Article 60(1)(iii) and Article 111(iii)) must appoint a domestic representative, and submit an application form stating the following matters to

the Prime Minister :

- (i) The trade name and the address of the head office;
- (ii) The amount of capital;
- (iii) The names of executives;
- (iv) If business other than Trust Business is conducted at any of the branches; The nature of that business,
- (v) The names and addresses of the Principal Branch and other branch offices;
- (vi) The name and domestic address of the domestic representative.

4. The following documents must be attached to the application form in the preceding paragraph:

- (i) The articles of incorporation and the certificate of commercial registration (including the equivalents of the same);
- (ii) The statement of operational procedures;
- (iii) The balance sheet;
- (iv) Other documents prescribed by Cabinet Order.

5. The provisions of Article 8(3) shall apply *mutatis mutandis* to the statement of operational procedures in Item (ii) of the preceding paragraph.

6. The Prime Minister must deny the registration of an Applicant when that Applicant falls under any of the following items, or if the application form in Paragraph 3 or the attached documents in each item of Paragraph 4 include false statements or omit material information:

- (i) A person who falls under any of the items in Paragraph 6 of the preceding article (excluding Items (ii) and (iii));
- (ii) A corporation, the Paragraph 3(ii) paid-in capital of which does not satisfy the amount prescribed by Cabinet Order as necessary and appropriate for protection of settlors or beneficiaries;
- (iii) A corporation, the net assets of which do not satisfy the amount in the preceding item;
- (iv) A corporation where the articles of incorporation (including equivalents of the same) or the statement of operational procedures does not comply with the laws and regulations, or is insufficient to conduct Asset Management Trust Business in a proper manner;
- (v) A corporation that cannot, in light of the human resources structure of any of its branch offices, be regarded as having the knowledge and experience to conduct Asset Management Trust Business in an appropriate manner.

7. The capital amount referred to in Paragraph 3(ii) shall be calculated by the method prescribed by Cabinet Order.

8. The net assets amount referred to in Paragraph 6(iii) shall be calculated by the method prescribed by Cabinet Order.
9. The Prime Minister must, where an application is made under Paragraph 1, register the following information in the Asset Management Foreign Trust Corporations register, except for applications denied under the provisions of Paragraph 6:
- (i) The matters listed in each item of Paragraph 3;
 - (ii) The registration date and registration number.
10. The Prime Minister must make the Asset Management Foreign Trust Corporation register available for public inspection.

(Loss Reserves)

Article 55. A Foreign Trust Corporation (excluding Asset Management Foreign Trust Corporations) must fund loss reserves at its Principal Branch every accounting period, in an amount exceeding the figure calculated by multiplying the aggregated operating profit of all of branch offices by a rate not exceeding ten percent prescribed by Cabinet Order, until the reserves reach the amount prescribed by Cabinet Order under Article 53(6)(ii).

2. The provisions of the preceding paragraph shall apply *mutatis mutandis* to an Asset Management Foreign Trust Corporation. In which case, the words “Article 53(6)(ii)” in that paragraph shall be read as “Article 54(6)(ii).”
3. The loss reserves funded under the provisions of the two preceding paragraphs may not be used for any purpose other than to compensate for the net operating losses of all branch offices for each accounting period, with the approval of the Prime Minister.
4. A Foreign Trust Corporation must maintain assets within Japan equivalent to the sum of the loss reserves funded pursuant to Paragraphs 1 or 2, the amount prescribed by Cabinet Order as the business security deposit, and those amounts prescribed by Cabinet Order in relation to the liabilities attributable to all the Foreign Trust Corporation’s branch offices, pursuant to the provisions of the relevant Cabinet Order.

(Notification of Changes to Information in Application Forms)

Article 56. When there are changes in the matters listed in any the items of Article 53(2), a Foreign Trust Corporation (excluding Asset Management Trust Corporations) must notify the Prime Minister to that effect, within two weeks from that day.

2. When there are changes to the items listed in any the items of Article 54(3), an Asset Management Foreign Trust Corporation must notify the Prime Minister to that effect within two weeks of that day.
3. The Prime Minister must, on receipt of the notification in the preceding paragraph, register an entry to that effect in the Asset Management Foreign Trust Corporations register.

(Notification)

Article 57. A Foreign Trust Corporation that falls under any of the following items must notify the Prime Minister to that effect without delay:

- (i) When a petition has been filed for the commencement of bankruptcy, corporate reorganization, corporate arrangement, or corporate rehabilitation proceedings within Japan, or a similar petition is filed in a country where the head office is located, pursuant to the laws and regulations of such country;
- (ii) When the Foreign Trust Corporation has undergone a merger (excluding where the Foreign Trust Corporation is dissolved as a result of the merger), causes succession to part of the Trust Business through a demerger or succeeds to all or part of a Trust Business or transfers part of the trust business or is transferred all or part of a trust business;
- (iii) When the Foreign Trust Corporation falls under other cases prescribed by Cabinet Order.

2. When a Foreign Trust Corporation falls under any of the following items, the persons prescribed in each item must notify the Prime Minister to that effect without delay:

- (i) When the Foreign Trust Corporation has terminated its trust business at all its the branch offices (including when the Foreign Trust Corporation has terminated all of its trust business in foreign countries, has caused succession to all of its trust business in foreign countries, has transferred all of its trust business in foreign countries, has caused succession to all of its trust business at branch offices or has transferred all of the trust business at its branch offices): The Foreign Trust Firm or a the person who was the Foreign Trust Firm;
- (ii) When the Foreign Trust Corporation has been dissolved through merger: A person who was an executive of such Foreign Trust Firm;
- (iii) When the Foreign Trust Corporation is subject to a ruling for the commencement of bankruptcy proceedings, or when proceedings similar to bankruptcy proceedings are commenced in the country where the head office is located pursuant to the laws and regulations of such country: The trustee in bankruptcy or the person who is the equivalent of a trustee in

bankruptcy in such country;

- (iv) When a Foreign Trust Corporation is dissolved other than through a merger or the commencement of bankruptcy proceedings (including when the liquidation of a branch office is commenced): The liquidator or the person who is the equivalent of a liquidator in the country where the head office is located.
3. When a Foreign Trust Corporation terminates its trust business (including the termination of all foreign trust business), undergoes a merger (limited to where such Foreign Trust Corporation is dissolved through the merger), dissolves for a reason other than a merger or the commencement of bankruptcy proceedings, causes succession to all or part of its trust business at branch offices (including succession to all foreign trust business), or seeks to transfer all or part of its trust business at branch offices (including transfers of all foreign trust business), the Foreign Trust Corporation must, pursuant to the provisions of the relevant Cabinet Order, give public notice to that effect and post the same in a prominent place at all its places of business, at least 30 days prior to that day.
4. A Foreign Trust Corporation must, when it has given public notice under the preceding paragraph notify the Prime Minister immediately.
5. When a Foreign Trust Corporation (excluding Asset Management Foreign Trust Corporations; hereinafter the same shall apply in this paragraph) is registered under Article 52(1) or Article 54(1) or when an Asset Management Foreign Trust Corporation is registered under Article 52(1), such Foreign Trust Corporation or Asset Management Foreign Trust Corporation must, pursuant to the provisions of the relevant Cabinet Order, give public notice to that effect, and post the same in a prominent place in all its places of business, without delay.

(On-site Inspections)

- Article 58. When the Prime Minister regards it as necessary to ensure the sound and appropriate conduct of Trust Business by a Foreign Trust Corporation, the Prime Minister may order a Foreign Trust Corporation, or a person who transacts with a branch office of such Foreign Trust Corporation, to submit reference reports or materials concerning the business or assets of such branch office, or order the relevant officials to enter and inspect such branch office and other facilities, and inquire into the conditions of the business or assets of the same, or inspect books and documents and other property.
2. An official conducting an on-site inspection under the provisions of the preceding paragraph must carry an identification document, and present the same to relevant persons.

3. The authority to conduct an on-site inspection under the provisions of Paragraph 1 may not be construed as approval for a criminal investigation.

(Supervisory Sanctions against Investment Management Foreign Trust Corporations)

Article 59. When a Foreign Trust Corporation (excluding Asset Management Foreign Trust Corporations; hereinafter the same shall apply in this paragraph) falls under any of the following items, the Prime Minister may rescind such Foreign Trust Corporation's license under Article 53(1) or order the suspension of all or part of the business of the branch office for a period of within six months:

- (i) When the Foreign Trust Corporation falls under Items (i) through (vi) of Article 53(6);
- (ii) When it becomes clear that the Foreign Trust Corporation fell under any of the Items of Article 53(6) at the time it received the license under Paragraph 1 of the same article;
- (iii) When the Foreign Trust Corporation no longer has, in any of its branch offices, a human resources structure sufficient to conduct trust business in an appropriate manner;
- (iv) When it becomes clear that the Foreign Trust Corporation received the license under Article 53(1) by wrongful means;
- (v) When the Foreign Trust Corporation violates the conditions attached to the license under Article 53(1);
- (vi) When the Foreign Trust Corporation violates sanctions imposed under laws and regulations, or by the Prime Minister pursuant to law and regulations;
- (vii) When the Foreign Trust Corporation acts contrary to the public interest.

2. When a domestic representative, or an executive assigned to the branch of a Foreign Trust Corporation falls under any of the Sub-items (a) through (h) of Article 5(2)(viii), or carries out acts falling under Items (v) or (vi) of the preceding paragraph, the Prime Minister may order such Foreign Trust Corporation to discharge such representative or executive.

(Supervisory Sanctions against Asset Management Foreign Trust Corporations)

Article 60. When an Asset Management Foreign Trust Corporation falls under any of the following items, the Prime Minister may rescind such Asset Management Foreign Trust Corporation's registration under Article 54(1) or order the suspension of all or part of its business for a period of within six months:

- (i) When the Asset Management Foreign Trust Corporation falls under Items (i) or (iv) through (vi) of Article 53(6);

- (ii) When the Asset Management Foreign Trust Corporation falls under Items (ii) through (vi) of Article 54(6);
 - (iii) When it becomes clear that the Asset Management Foreign Trust Corporation was registered under Article 54(1) by wrongful means;
 - (iv) When the Asset Management Foreign Trust Corporation violates sanctions imposed under laws and regulations, or by the Prime Minister pursuant to laws and regulations.
 - (v) When the Asset Management Foreign Trust Corporation acts contrary to the public interest.
2. When a domestic representative, or an executive assigned to the branch of an Asset Management Foreign Trust Corporation falls under any of the Sub-items (a) through (h) of Article 5(2)(viii) or carries out acts falling under Item (iv) of the preceding paragraph, the Prime Minister may order such Asset Management Foreign Trust Corporation to discharge such representative or executive.

(*Mutatis Mutandis* Application of Procedure for Discharge in cases of Rescission of License)

Article 61. The provisions of Article 49 shall apply *mutatis mutandis* in cases where the Prime Minister does not renew a registration under Article 7(3) applied *mutatis mutandis* under Article 54(2), rescinds a license under Article 53(1) under the provisions of Article 59(1), or rescinds a registration under Article 54(1) under the provisions of Paragraph 1 of the preceding article.

(Prime Minister’s Opinion in Liquidation Procedures)

Article 62. The court may, in a domestic procedure for liquidation, corporate reorganization, corporate arrangement, corporate rehabilitation or recognition and assistance in relation to a Foreign Trust Corporation, request an opinion, investigation or inquiry of the Prime Minister.

2. The provisions of Article 50(2) and (3) shall apply *mutatis mutandis* to cases in the preceding paragraph.

(Application of this Act)

Article 63. A Foreign Trust Corporation shall be deemed a Trust Corporation, an Asset Management Foreign Trust Corporation shall be deemed an Asset Management Trust Corporation, and domestic representatives and executives assigned to branch offices of a Foreign Trust Corporation (excluding auditors or the equivalent of the same) shall be

deemed directors of Trust Corporations, and the provisions of Chapter II (excluding Articles 3 through 10, Article 12, Article 14(2), Articles 17 through 21, Article 32, Articles 35 through 42, Article 44, Article 45 and Article 49 through 52) and the provisions of Chapter VIII related to these provisions shall apply. In which case, the words in the provisions in the left column that are listed in the middle column shall be read as the words listed in the right column.

Article 11(1)	head office	Principal Branch
Article 11(10)	Renewal of the registration under Article 7(3)	Renewal of the registration under Article 7(3) as applied <i>mutatis mutandis</i> under Article 54(2)
	Article 44(1)	Article 59(1)
	license under Article 3	license under Article 53(1)
	Article 45(1)	Article 60(1)
	registration under Article 7(1)	registration under Article 54(1)
Article 14(1), Article 25 and Article 26(1)(ii)	Trade name	branch office names
Article 33	every fiscal year	every period from April through March of the following year
	each fiscal year	such period
Article 34	every fiscal year	every period from April through March of the following year
	each fiscal year	such period
	places of business	branch offices
Article 46(1)	Article 41(2)	Article 57(2)
	license under Article 3	license under Article 53(1)
	registration under Article 7(1)	registration under Article 54(1)

Article 46(2)	is registered under Article 7(1) or Article 52(1)	is registered under Article 52(1) or Article 54(1)
	license under Article 3	license under Article 53(1)
Article 46(3)	license under Article 3, or is registered under Article 52(1)	license under Article 52(1) or Article 53(1)
	registration under Article 7(1)	registration under Article 54(1)
Article 47	registration under Article 7(3) [is not] renewed	registration under Article 7(3) as applied <i>mutatis mutandis</i> under Article 54(2) [is not] renewed
	Article 45(1)	Article 60(1)
	registration under Article 7(1)	registration under Article 54(1)
Article 48	Article 44(1)	Article 59(1)
	license under Article 3	license under Article 53(1)
	Article 45(1)	Article 60(1)
	registration under Article 7(1)	registration under Article 54(1)

2. The provisions of Article 21 shall apply *mutatis mutandis* to the business of a Foreign Trust Corporation conducted through a branch office, and provisions of Article 39 shall apply *mutatis mutandis* to cases where the Foreign Trust Corporation transfers the Trust Business of its branch offices. In which case, the words in the provisions in the left column that are listed in the middle column shall be read as the words listed in the right column.

Article 21(1)	Article 4(2)(iii)	Article 53(3)(ii)
	Article 8(2)(iii)	Article 54(4)(ii)
Article 21(6)	license under Article 3	license under Article 53(1)
	registration under Article 7(1)	registration under Article 54(1)

(Notification of Establishment of Representative Offices of Foreign Trust Firms)

Article 64. When a Foreign Trust Firm seeks to establish a representative office or other facility within Japan for the purpose of conducting the following businesses, the Foreign Trust Firm must notify the Prime Minister in advance of the details of such business, the address of such facility, and other matters prescribed by Cabinet Order:

- (i) The collection or sales of information related to Trust Business;
- (ii) Other businesses related to Trust Business.

2. When the Prime Minister regards it as necessary, the Prime Minister may request a Foreign Trust Firm to submit a report or materials related to the businesses listed in the items of the preceding paragraph to be conducted at the facilities in the preceding paragraph.

3. When a Foreign Trust Firm closes a facility in Paragraph 1, terminates a business in the items of that paragraph conducted at such facility, or when there are other changes in the matters notified under the provisions of the Paragraph, the Foreign Trust Firm must notify the Prime Minister to that effect without delay.

Chapter IV. Persons with the Right of Instruction

(Duty of Good Faith of the Persons with Right of Instruction)

Article 65. A person who is in the business of giving instructions regarding the method of management or disposal of trust assets (referred to as “Person with the Right of Instruction” in the following article) must give such instructions regarding the management or disposal of such trust assets in accordance with laws and regulations and the objectives of the trust in good faith on behalf of the beneficiaries of the trust assets.

(Code of Conduct for the Persons with Right of Instruction)

Article 66. A Person with the Right of Instruction may not commit the following acts in relation to entrusted trust assets for which instructions are given:

- (i) Instructing the trustee to enter into transactions under conditions that differ from ordinary transactions, such as would cause loss in the trust assets;
- (ii) Instructing the trustee to enter into transactions that are unnecessary in light of the objectives of the trust, the condition of

- trust assets, or policies on the management and disposal of the trust assets;
- (iii) Instructing the trustee to enter into transactions using information related to the trust assets, with the objective of benefiting himself/herself or a person other than the beneficiaries of the trust assets;
- (iv) Other acts prescribed by Cabinet Order as acts that cause loss in the trust assets.

Chapter V. Trust Agreement Agents

Subchapter 1. General Provisions

(Registration)

Article 67. Trust Agreement Agency Business cannot be conducted by persons other than those registered by the Prime Minister.

2. A person who conducts Trust Agreement Agency Business must conduct Trust Agreement Agency Business under entrustment from a Trust Corporation or a Foreign Trust Corporation on behalf of such Trust Corporation or Foreign Trust Corporation (hereinafter referred to as “Affiliated Trust Corporation”)

(Applications for Registration)

Article 68. A person who seeks registration under Item (i) of the preceding paragraph (referred to as “Applicant” in Article 70) must submit an application form stating the following matters to the Prime Minister:

- (i) The trade name or name;
- (ii) If the person is a corporation, the names of executives;
- (iii) The name and address of the place of business or office that will conduct Trust Agreement Agency Business;
- (iv) The trade name of the Affiliated Trust Corporation;
- (v) If other business is conducted: The nature of that business,
- (vi) Other matters prescribed by Cabinet Order

2. The following documents must be attached to the application form set forth in the preceding Paragraph:

- (i) A covenant to the effect that that Article 70(1) or (2) does not apply;

- (ii) The statement of operational procedures;
 - (iii) If the person is a corporation: The articles of incorporation and the certificate of commercial registration (including the equivalents of the same);
 - (iv) Other documents prescribed by Cabinet Order
3. The matters to be included in the statement of operational procedures under Item (ii) of the preceding paragraph shall be prescribed by Cabinet Order.

(Registration in a register)

Article 69. The Prime Minister must, where an application is made under Article 67(1), register the following information in the Trust Agreement Agents register, except for applications denied under the following article:

- (i) The matters listed in each item of Paragraph 1 of the preceding article;
 - (ii) The registration date and registration number.
2. The Prime Minister must make the Trust Agreement Agents register available for public inspection.

(Denial of Registration)

Article 70. The Prime Minister must deny the registration of an Applicant when that Applicant falls under any of the following items, or if the application form in Article 68(1) or the attached documents in each item of Paragraph 2 of the same article include false statements or omit material information:

- (i) If the Applicant is an individual, a person who falls under any of Sub-items (a) through (h) of Article 5(2)(viii);
- (ii) If the Applicant is a corporation, a person who falls under any of the following:
 - (a) A person who falls under Sub-items (a) or (b) of Article 5(2)(x);
 - (b) A person the executives of which include a person who falls under any of Sub-items (a) through (h) of Article 5(2)(viii).
- (iii) A person who cannot be regarded as having sufficient systems to conduct Trust Agreement Agency Business in an appropriate manner;
- (iv) A person whose other business is regarded as contrary to the public interest.

(Notification of Changes)

Article 71. When there are changes in the matters listed in any of the items of Article 68(1), a Trust Agreement Agent must notify the Prime Minister to that effect within two weeks from that day.

2. The Prime Minister must, on receipt of the notification in the preceding Paragraph, register an entry to that effect in the Trust Agreement Agents register.

3. When a Trust Agreement Agent makes changes to the statement of operational procedures in Article 68(2)(ii) the Trust Agreement Agent must notify the Prime Minister to that effect, without delay.

(Posting of Signage)

Article 72. A Trust Agreement Agent must post a sign in a form prescribed by Cabinet Order in a prominent place at all of its places of business and offices that conduct Trust Agreement Agent Business.

2. A person other than a Trust Agreement Agent may not post the sign in the preceding paragraph or a similar sign.

(Prohibition of Name-Lending)

Article 73. A Trust Agreement Agent may not allow another person to conduct Trust Agreement Agent Business using the Trust Agreement Agent's name.

Subchapter 2. Business

(Informing Clients)

Article 74. When a Trust Agreement Agent acts as a representative in (limited to the representation of a Trust Corporation or a Foreign Trust Corporation; hereinafter the same applies in this Chapter), or brokers the entering into of a trust agreement, the Trust Agreement Agent must disclose the following to the client in advance:

- (1) The trade name of the Affiliated Trust Corporation;
- (2) Whether the Trust Agreement Agent is acting as a representative or brokering the entering into of the trust agreement;
- (3) Other matters prescribed by Cabinet Order.

(Separate Management)

Article 75. When a Trust Agreement Agent receives a deposit of client assets related to acting as representative in or brokering the entering into of a trust agreement, the Trust Agreement Agent must manage such assets separately from its own assets and other assets deposited for the entering into of other trust agreements.

(*Mutatis Mutandis* Application)

Article 76. The provisions of Articles 24 and 25 shall apply *mutatis mutandis* to acting as representative in and brokering the entering into of trust agreements carried out by Trust Agreement Agents. In which case, the words “such Trust Corporation” in Article 25 shall be read as “trustee.”

Subchapter 3. Accounting

(Reports on Trust Agreement Agency Business)

Article 77. A Trust Agreement Agent must prepare a report on the Trust Agreement Agent’s Trust Agreement Agency Business every fiscal year or business year, and submit the same to the Prime Minister within three months of the end of each fiscal year or business year.

2. The Prime Minister must make the report on the Trust Agreement Agency Business in the preceding paragraph available for public inspection, except for matters that may violate the secrecy of settlors or beneficiaries, or matters that may cause undue disadvantage in the performance of the business of such Trust Agreement Agent.

(Inspection of Information on Affiliated Trust Corporation)

Article 78. A Trust Agreement Agent must make the explanatory documents prepared by its Affiliated Trust Corporations under the provisions of Article 34 available for public inspection at every place of business or office that conducts Trust Agreement Agency Business, for every fiscal year or business year for such Affiliated Trust Corporation.

Subchapter 4. Supervision

(Notification of Business Closures)

Article 79. When a Trust Agreement Agent falls under any of the following items, the persons prescribed in each item must

notify the Prime Minister to that effect within 30 days of that day:

- (i) When the Trust Agreement Agent has terminated its business (including when the Trust Agreement Agent causes succession to all of the Trust Agreement Agency Business through a demerger and when all of the Trust Agreement Agency Business is transferred): Such individual or corporation;
- (ii) When the individual who was a Trust Agreement Agent is deceased: His/her heir
- (iii) When the corporation that was a Trust Agreement Agent has been dissolved through a merger: A person who was the representative executive of the corporation;
- (iv) When the corporation that was a Trust Agreement Agent has been dissolved due to a ruling for the commencement of bankruptcy proceedings: The trustee in bankruptcy;
- (v) When the corporation that was a Trust Agreement Agent has been dissolved for a reason other than a merger or the commencement of bankruptcy proceedings: The liquidator

(On-site Inspections)

Article 80. When the Prime Minister regards it as necessary to ensure the sound and appropriate conduct of Trust Agreement Agency Business by a Trust Agreement Agent, the Prime Minister may order such Trust Agreement Agent, or a person who transacts with such Trust Agreement Agent, to submit reference reports or materials concerning the business of such Trust Agreement Agent, or order the relevant officials to enter and inspect the places of business or offices of such Trust Agreement Agent, and inquire into the condition of the business, or inspect documents and other property.

2. An official conducting an on-site inspection under the provisions of the preceding paragraph must carry an identification document, and present the same to relevant persons.
3. The authority to conduct an on-site inspection under the provisions of Paragraph 1 may not be construed as approval for a criminal investigation.

(Business Improvement Orders)

Article 81. When the Prime Minister regards it as necessary in light of the condition of the business of a Trust Agreement Agent to ensure the sound and appropriate conduct of such Trust Agreement Agency Business, the Prime Minister may order the Trust Agreement Agent to make changes in its statement of operational procedures or take other measures necessary to improve the conduct of business, to the extent necessary.

(Supervisory Sanctions)

Article 82. When a Trust Agreement Agent falls under any of the following items, the Prime Minister may rescind such Trust Agreement Agent's registration under Article 67(1), or order the suspension of all or part of its business for a period of within six months:

- (i) When the Trust Agreement Agent falls under any of the items of Article 70 (excluding Sub-item 2(b));
 - (ii) When it becomes clear that the Trust Agreement Agent was registered under Article 67(1) by wrongful means;
 - (iii) When the Trust Agreement Agent violates sanctions imposed under laws and regulations, or by the Prime Minister pursuant to laws and regulations.
 - (iv) When the Trust Agreement Agent acts contrary to the public interest.
2. When an executive of a Trust Agreement Agent falls under any of the Sub-items (a) through (h) in Article 5(2)(viii), or carries out acts falling under Item (iii) of the preceding paragraph, the Prime Minister may order such Trust Agreement Agent to discharge of such executive.

(Lapse of Registration)

Article 83. When a Trust Agreement Agent falls under any of the items of Article 79, or the entrustment agreements with all of its Affiliated Trust Corporations terminate, such Trust Agreement Agent's registration under Article 67(1) shall lapse.

(Erasure of Registrations)

Article 84. When a registration under Article 67(1) is rescinded under the provisions of Article 82(1) or a registration under such paragraph lapses under the provisions of the preceding article, the Prime Minister must erase such registration.

Subchapter 5. Miscellaneous

(Liability of Affiliated Trust Corporations)

Article 85. A Trust Agreement Agent's Affiliated Trust Corporation shall be liable for losses caused to clients by the Trust Agreement Agent in acting as a representative in or brokering the entering into of a trust agreement; provided, however, that this shall not apply when the Affiliated Trust Corporation exercised due diligence in entrusting the Trust Agreement Agent, and has endeavored to prevent the losses caused in acting as a representative or the brokering of the entering into of the trust

agreement from arising.

Chapter VI. Sellers of Beneficial interests

Subchapter 1. General Provisions

(Registration)

Article 86. Beneficial Interests Sales Business cannot be conducted by persons other than those registered by the Prime Minister.

2. The term of the registration in the preceding paragraph shall be three years from the day of such registration.
3. A person who seeks to continue to conduct Beneficial Interests Sales Business after the expiry of the term must apply for renewal of the registration within the period prescribed by Cabinet Order.
4. When registration is renewed under the preceding paragraph, the term of such registration shall be three years from the day after the expiry date of the previous registration period.
5. A person seeking renewal of the registration under Paragraph 3 must pay the fee pursuant to the provisions of the relevant the Cabinet Order.
6. Where a renewal application for the registration under Paragraph 3 is submitted, and the application is not processed by the expiry date of such registration period, such previous registration shall be deemed to be effective after the expiry of the registration period, until the application is processed.

(Applications for Registration)

Article 87. A person (referred to as “Applicant” in Article 89) who seeks registration under Paragraph 1 of the preceding article (including renewal of registration under Paragraph 3 of the same article; hereinafter the same shall apply in this article, Article 89, Article 102(1)(ii) and Article 111(9)) must submit an application form stating the following matters to the Prime Minister:

- (i) The trade name or name;
- (ii) If the Applicant is a corporation: The names of executives;
- (iii) The names and addresses of the places of business or offices that will conduct Beneficial Interest Sales Business;
- (iv) If other business is conducted: The nature of that business;

(v) Other matters prescribed by Cabinet Order.

2. The following documents must be attached to the application form in the preceding paragraph:

(i) A covenant to the effect that Article 89(1) or (2) does not apply;

(ii) The statement of operational procedures;

(iii) If the Applicant is a corporation: The articles of incorporation and the certificate of commercial registration (including their equivalents);

(iv) Other documents prescribed by Cabinet Order;

3. The matters that must be included in the statement of operational procedures in Sub-item (ii) of the preceding paragraph shall be prescribed by Cabinet Order.

(Registration)

Article 88. The Prime Minister must, where an application is made under Paragraph 86(1) is made, register the following matters in the Sellers of Beneficial Interests register, except for applications denied under the following article :

(i) The matters listed under each item of Paragraph 1 of the preceding article;

(ii) The registration date and registration number,

2. The Prime Minister must make the Sellers of Beneficial Interests register available for public inspection.

(Denial of Registration)

Article 89. The Prime Minister must deny the registration of an Applicant when the Applicant falls under any of the following items, or the application form in Article 87(1) or the attached documents in each item of Paragraph 2 of the same article include false statements or omit material information:

(i) If the Applicant is an individual, a person who falls under any of Sub-items (a) to (h) in Article 5(2)(viii);

(ii) If the Applicant is a corporation, a person falls under any of the following:

(a) A person who falls under Sub-items (a) or (b) of Article 5(2)(x);

(b) A person the executives of which include a person who falls under any of Sub-items (a) to (h) in Article 5(2)(viii);

(iii) A person who cannot be regarded as having sufficient systems to conduct Beneficial Interest Sales Business in an appropriate manner;

(iv) A person whose other business is regarded as contrary to the public interest.

(Notification of Changes)

Article 90. When there are changes in the matters listed in any of the items of Article 87(1), a Seller of Beneficial Interests must notify the Prime Minister to that effect within two weeks from that day.

2. The Prime Minister must, on receipt of the notification of the preceding paragraph, register an entry to that effect in the Seller of Beneficial Interests register.
3. When a Seller of Beneficial Interests makes changes to the statement of operational procedures in Article 87(2)(ii) the Seller of Beneficial Interests must notify the Prime Minister to that effect, without delay.

(Business Security Deposits)

Article 91. A Seller of Beneficial Interests must deposit a business security deposit at a depository near its head office.

2. The amount of the business security deposit in the preceding paragraph shall be the amount prescribed by Cabinet Order in consideration of the details of the Beneficial Interest Sales Business and the need to protect clients.
3. A Seller of Beneficial Interests shall, pursuant to the provisions of the relevant Cabinet Order, enter into an agreement to the effect that the required business security deposit will be deposited for the Seller of Beneficial Interests in response to an order from the Prime Minister, and when the Prime Minister is notified to such effect, may elect to not deposit all or part of the business security deposit in Paragraph 1 that is to be deposited under the agreement (hereinafter in this article “Agreed Amount”), while the agreement is in effect.
4. The Prime Minister may, when the Prime Minister regards it as necessary for the protection of clients, order a person who entered into an agreement in the preceding paragraph with a Seller of Beneficial Interests or such Seller of Beneficial Interests, to deposit all or part of the Agreed Amount.
5. A Seller of Beneficial Interests may not commence Beneficial Interest Sales Business until after the business security deposit in Paragraph 1 is deposited (including the entering into of the agreement in Paragraph 3), and the Prime Minister is notified to that effect.
6. Persons who entered into sales agreements for beneficial interests (excluding beneficial interests that are rights indicated on securities under the provisions of [Article 2\(1\)](#) of the [Securities Exchange Act](#) and rights deemed to be securities

under [Paragraph 2](#) of the [same Article](#); hereinafter the same shall apply in this Chapter) due to the sale, or the acting as a representative in or brokering the sale, of beneficial interests by a Seller of Beneficial Interests (hereinafter referred to as “Sale of Beneficial Interests”) shall, in relation to obligations arising from such sales agreement for beneficial interests, have the right to be paid ahead of other creditors from the business security deposit of the Seller of Beneficial Interests.

7. The matters necessary for the execution of rights under the preceding paragraph shall be prescribed by Cabinet Order.
8. When the amount of the business security deposit (including the Agreed Amount; the same shall applies in Paragraph 10) falls short of the amount prescribed by Cabinet Order in Paragraph 2, the Seller of Beneficial Interests must deposit the balance due (including the entering into of the agreement of Paragraph 3) within three weeks of the day prescribed by Cabinet Order, and and notify the Prime Minister to that effect without delay.
9. The business security deposit to be deposited under Paragraph 1 or the preceding paragraph may be made in the form of government bonds, municipal bonds, and other securities prescribed by Cabinet Order (including corporate bonds, etc., eligible for book-entry transfer provided for in [Article 129\(1\)](#) of the [Act Concerning Book-Entry Transfer of Corporate Bonds](#)).
10. The business security deposit deposited in accordance with Paragraphs 1, 4 or 8, may be recovered in whole or in part as pursuant to the provisions of the relevant Cabinet Order where the registration under Article 86(3) has not been renewed, the registration under Article 86(1) has been rescinded under the provisions of Article 102(1), the registration under Article 86(1) has lapsed under the provisions of Article 103, or the amount of the business security deposit has exceeded the amount prescribed by Cabinet Order in Paragraph 2.
11. In addition to the provisions of each of the preceding paragraphs, the matters necessary for business security deposits shall be prescribed by Cabinet Order or Ordinance of the Ministry of Justice..

(Posting of Signage)

Article 92. A Seller of Beneficial Interests must post a sign in a form prescribed by Cabinet Order in a prominent place at all its places of business and offices that conduct Beneficial Interest Sales Business.

2. A person who is not a Seller of Beneficial Interests may not post the sign in the preceding paragraph or a similar sign.

(Prohibition of Name-Lending)

Article 93. A Seller of Beneficial Interests may not allow another person to conduct Beneficial Interest Sales Business using

the Seller of Beneficial Interest's name.

Subchapter 2. Business

(Explanation of Details of Beneficial Interests)

Article 94. When a Seller of Beneficial Interests conducts sales, etc., of beneficial interests, the Seller of Beneficial Interests must explain the following matters to clients in advance; provided, however, that this shall not apply to cases prescribed by Cabinet Order as not hindering the protection of clients:

- (i) Matters related to the type of the trust assets, trust term, methods of maintenance or disposal of the trust assets, and delivery of the trust assets;
- (ii) Matters related to the person with authority to maintain or dispose of the trust assets, and the details of the authority;
- (iii) Whether or not a third party evaluation of the trust assets was performed at the time of creation of the trust, and other matters related to the evaluation of the trust assets;
- (iv) Matters related to the procedures for the transfer of beneficial interests prescribed by the trust deed;
- (v) Other matters prescribed by Cabinet Order.

(Delivery of Documents on Details of Beneficial Interests)

Article 95. When a beneficial interest sales agreement is entered into due to the sale, etc., of beneficial interests, the Seller of Beneficial Interests must deliver a document stating the details of the beneficial interest and other matters prescribed by Cabinet Order to the client, without delay; provided, however, that this shall not apply to cases prescribed by Cabinet Order as cases where omission of delivery of the document will not hinder the protection of clients.

2. A Seller of Beneficial Interests may, with the clients' consent, provide the matters to be included in the documents by an electronic information processing system, or by other methods using information technology prescribed by Cabinet Order, in substitution for the delivery of the documents listed in the preceding paragraph, pursuant to the provisions of the relevant Cabinet Order. In which case, the Seller of Beneficial Interests shall be deemed to have delivered such documents.

(Application of Code of conduct)

Article 96. The provisions of Article 24 shall apply *mutatis mutandis* to sales, etc., of beneficial interests by Sellers of

Beneficial Interests to clients.

Subchapter 3. Accounting

(Books and Documents on Beneficial Interest Sales Business)

Article 97. A Seller of Beneficial Interests must prepare and maintain books and documents on its Beneficial Interests Sales Business.

(Reports on Beneficial Interest Sales Business)

Article 98. A Seller of Beneficial Interests must prepare a report on the Seller of Beneficial Interests' Beneficial Interest Sales Business every fiscal year or business year, and submit the same to the Prime Minister within three months of the end of each fiscal year or business year.

2. The Prime Minister must make the report on the Beneficial Interest Sales Business in the preceding paragraph available for public inspection, except for matters that may violate the secrecy of clients, or matters that may cause undue disadvantage in the performance of the business of such Seller of Beneficial Interests.

Subchapter 4. Supervision

(Notification of Business Closures)

Article 99. When a Seller of Beneficial Interests falls under any of the following items, the persons prescribed in each item must notify the Prime Minister to that effect within 30 days of that day:

- (i) When the Seller of Beneficial Interests has terminated its beneficial interests sales business (including when the Seller of Beneficial Interests causes succession to all of the Beneficial Interest Sales business through a demerger, or when all of the Beneficial Interest Sales Business is transferred): Such individual or corporation;
- (ii) When the individual who was a Seller of Beneficial Interests is deceased: His/her heir;
- (iii) When the corporation that was a Seller of Beneficial Interests has been dissolved through a merger: A person who was the representative executive of such corporation;
- (iv) When the corporation that was a Seller of Beneficial Interests is dissolved due to a ruling for the commencement of

bankruptcy proceedings: The trustee in bankruptcy;

- (v) When the corporation that was a Seller of Beneficial Interests has been dissolved for a reason other than a merger or the commencement of bankruptcy proceedings: The liquidator.

(On-site Inspections)

Article 100. When the Prime Minister regards it as necessary to ensure the sound and appropriate conduct of Beneficial Interest Sales Business by a Seller of Beneficial Interests, the Prime Minister may order such Seller of Beneficial Interests, or a person who transacts with such Seller of Beneficial Interests, to submit reference reports or materials concerning the business of such Seller of Beneficial Interests, or order the relevant officials to enter and inspect the places of business or offices of such Seller of Beneficial Interests, and inquire into the condition of the business, or inspect books and documents and other property.

2. An official conducting an on-site inspection under the provisions of the preceding paragraph must carry an identification document, and present the same to relevant persons.
3. The authority to conduct an on-site inspection under the provisions of Paragraph 1 may not be construed as approval for a criminal investigation.

(Business Improvement Orders)

Article 101. When the Prime Minister regards it as necessary in light of the conditions of the business of a Seller of Beneficial Interests to ensure the sound and appropriate conduct of the Beneficial Interest Sales Business of such Seller of Beneficial Interests, the Prime Minister may order the Seller of Beneficial Interests to make changes in its statement of operational procedures, deposit assets or take other measures necessary to improve the conduct of business, to the extent necessary.

(Supervisory Sanctions)

Article 102. When a Seller of Beneficial Interests falls under any of the following items, the Prime Minister may rescind such Seller of Beneficial Interests' registration under Article 86(1), or order the suspension of all or part of its business for a period of within six months:

- (i) When the Seller of Beneficial Interests falls under any of the items of Article 89 (excluding Sub-item 2(b)).
- (ii) When it becomes clear that the Seller of Beneficial Interests was registered under Article 86(1) by wrongful means;

(iii) When the Seller of Beneficial Interests violates sanctions imposed under laws and regulations, or by the Prime Minister pursuant to laws and regulations.

(iv) When the Seller of Beneficial Interests acts contrary to the public interest.

2. When an executive of the Seller of Beneficial Interests falls under any of the Sub-item (a) through (h) in Article 5(2) or carries out acts falling under Item (iii) of the preceding Paragraph, the Prime Minister may order such Seller of Beneficial Interests to discharge such executive.

(Lapse of Registration)

Article 103. When a Seller of Beneficial Interests falls under any of the items of Article 99, or when it receives a license under Article 3 or Article 53(1), such Seller of Beneficial Interests' registration under Article 86(1) shall lapse.

(Erasure of Registrations)

Article 104. When a registration under Article 86(3) is not renewed, a registration under Article 86(1) is rescinded under the provisions of Article 102(1), or a registration under such paragraph lapses under the provisions of the preceding article, the Prime Minister must erase such registration.

Subchapter 5. Miscellaneous

(Exemptions)

Article 105. Notwithstanding the provisions of Article 86(1), Trust Corporations, etc., (referring to Trust Corporations (excluding Asset Management Trust Corporations), Foreign Trust Corporations (excluding Asset Management Foreign Trust Corporations), securities corporations (referring to securities corporations provided for in [Article 2\(9\)](#) of the [Securities Exchange Act](#)), foreign securities corporations (referring to foreign securities corporations provided for in [Article 2\(2\)](#) of the [Act on Foreign Securities Firms](#) (Act No. 5 of 1971)), or registered financial institutions (referring to registered financial institutions provided for in [Article 65-2\(3\)](#) of the [Securities Exchange Act](#)); the same shall apply in the following paragraph) may conduct Beneficial Interest Sales Business.

2. In case where Trust Corporations, etc., conduct Beneficial Interest Sales Business under the provisions of the preceding paragraph, such Trust Corporations, etc., shall be deemed to be Sellers of Beneficial Interests, and Article 51(9), Articles

93 through 98, Articles 100 through 102, and Paragraph 2 of the following article, as well as the provisions of Chapter VIII concerning these provisions shall apply. In which case, the words “any of the following items” in Article 102(1), shall be read as “Paragraphs 3 or 4,” and the words “rescind such Seller of Beneficial Interests’ registration under Article 86(1) or order the suspension of all or part of its business for a period of within six months” shall be read as “order suspension of all or part of the Seller of Beneficial Interests’ business for a period within six months.”

3. The provisions of Article 86(1) shall not apply when the Government Housing Loan Corporation, the Japan Finance Corporation for Small and Medium Enterprise or the Japan Finance Corporation for Municipal Enterprises (referred to as the “Housing Loan Corporation, etc.” in the following paragraph) conducts sales of beneficial interests pursuant to [Article 27-6\(1\)](#) of the [Act on the Government Housing Loan Corporation](#) (Act No. 156 of 1950), [Article 25-4\(1\)](#) of the [Act on the Japan Finance Corporation for Small and Medium Enterprise](#) (Act No. 138 of 1953), or [Article 26-3\(1\)](#) of the [Act on the Japan Finance Corporation for Municipal Enterprises](#) (Act No. 83 of 1957) (referred to as “Sales of Beneficial Interests” in the following paragraph).
4. When the Housing Loan Corporation, etc., conducts Sales of Beneficial Interests, such Housing Loan Corporation, etc., shall be deemed to be Seller of Beneficial Interests and the provisions of Articles 94 to 96, as well as the provisions of Chapter VIII concerning these provisions shall apply.

Chapter VII. Miscellaneous

(Submission of Materials to the Minister of Finance)

Article 106. When the Minister of Finance regards it as necessary for the planning or drafting of systems for Trust Business in relation to the system for the administration of collapsed financial institutions and management of financial crises under the Minister’s jurisdiction, the Minister of Finance may request that the Prime Minister submit and explain necessary materials.

2. When the Minister of Finance regards it as necessary for the planning or drafting of systems for Trust Business, in relation to the system for the administration of collapsed financial institutions and management of financial crises under the Minister’s jurisdiction, the Minister of Finance may request that Trust Corporations, Foreign Trust Corporations, Trust Agreement Agents or Sellers of Beneficial Interests submit and explain necessary materials and provide other cooperation, to the extent necessary.

(Delegation of Authority)

Article 107. The Prime Minister hereby delegates the authority under this Act (excluding that prescribed by Cabinet Order) to the Commissioner of the Financial Services Agency.

2. The Commissioner of the Financial Service Agency may, pursuant to the provisions of the relevant Cabinet Order, delegate part of the authority delegated under the provisions of the preceding paragraph to the Directors-General of the Local Finance Bureau or the Branch Managers of the Local Finance Bureau.

(Application)

Article 108. Unless otherwise provided, “Trust Corporation” in this Act and in laws and regulations other than those pursuant to this orders under this Act shall include Foreign Trust Corporations.

(Delegation of Authority to Cabinet Office Ordinance)

Article 109. In addition to the provisions of this Act, application procedures for licenses, registration, permission and approval, procedures for the submission of documents, matters to be stated and retention periods under the provisions of this Act and other matters necessary for the enforcement of this Act shall be prescribed by Cabinet Office Ordinance.

(Provisional Measures)

Article 110. In cases where an order is established, revised or abolished pursuant to the provisions of this Act, the necessary provisional measures (including provisional measures related to penalties) can be prescribed, to the extent reasonably necessary for that establishment, revision or abolition.

Chapter VIII. Penal Rules

Article 111. A person who falls under any of the following items shall be sentenced to imprisonment for a term of three years or less, or a fine of three million yen or less, or both:

(i) A person who conducted Trust Business without a license in violation of the provisions of Article 3;

(ii) A person who received a license under Article 3 or Article 53(1) by wrongful means;

- (iii) A person who was registered under Article 7(1), Article 52(1) or Article 54(1) by wrongful means;
- (iv) A person who allowed another person to conduct Trust Business in violation of the provisions of Article 15;
- (v) A person who conducted Trust Agreement Agency Business without registration, in violation of the provisions of Article 67(1):
- (vi) A person who was registered under Article 67(1) by wrongful means;
- (vii) A person who allowed another person to conduct Trust Agreement Agency Business in violation of the provisions of Article 73;
- (viii) A person who conducted Beneficial Interest Sales Business in violation of the provisions of Article 86(1);
- (ix) A person who was registered under Article 86(1) by wrongful means;
- (x) A person who allowed another person to conduct Beneficial Interests Sales Business in violation of the provisions of Article 93.

Article 112. A person who falls under any of the following items shall be sentenced to imprisonment for a term of two years or less or a fine of three million yen or less, or both:

- (i) A person who violated a condition imposed under the provisions of Article 5(viii) or Article 53(ix);
- (ii) A person who violated an order for the suspension of business under the provisions of Article 44(1) or Article 45(1);
- (iii) A person who violated an order for the suspension of business under the provisions of Article 59(1) or Article 60(1);
- (iv) A person who violated an order for the suspension of business under the provisions of Article 82(1);
- (v) A person who violated an order for the suspension of business under the provisions of Article 102(1).

Article 113. A person who falls under any of the following items shall be sentenced to imprisonment for a term of one year or less or a fine of three million yen or less, or both:

- (i) A person who submitted an application form under the provisions of Article 4(1), or documents to be attached to such application under the provisions of Paragraph 2 of the same article, including false statements;
- (ii) A person who submitted an application form under the provisions of Article 8(1) (including where applied *mutatis mutandis* under Article 52(2)) or documents to be attached to such application under the provisions of Article 8(2) (including where applied *mutatis mutandis* under Article 52(2)), including false statements;

- (iii) A person who conducted business other than Trust Business, Trust Agreement Agency Business, Beneficial Interest Sales Business, and asset management business, without approval in violation of the provisions of Article 21(2) (including where applied *mutatis mutandis* under Article 63(2));
- (iv) A person who performed acts listed in Sub-items (i), (iii) or (iv) of Article 24(1) (including where applied *mutatis mutandis* under Articles 76 and 96), in violation of the provisions of such Sub-items;
- (v) A person who violated the provisions of Article 29(2);
- (vi) A person who failed to submit a report under the provisions of Article 33, or who submitted a false report;
- (vii) A person who failed to make the explanatory documents under the provisions of Article 34 available for public inspection, or who made explanatory documents including false statements available for public inspection;
- (viii) A person who submitted an application form under the provisions of Article 36(2) or documents to be attached to such application under the provisions of Paragraph 3 of the same article, including false statements;
- (ix) A person who submitted an application form under the provisions of Article 37(2), or documents to be attached to such application under the provisions of Paragraph 3 of the same article, including false statements;
- (x) A person who submitted an application form under the provisions of Article 38(2), or documents to be attached to such application under the provisions of Paragraph 3 of the same article, including false statements;
- (xi) A person who submitted an application form under the provisions of Article 39(2) (including where applied *mutatis mutandis* under Paragraph 5 of the same Article, (including where applied *mutatis mutandis* under Article 63(2)) and Article 63(2)) or documents to be attached to such application under the provisions of Article 39(3) (including where applied *mutatis mutandis* under Article 63(2)) and Article 63(2)), including false statements;
- (xii) A person who failed to give public notice under the provisions of Article 41(3) or (5), or who gave false public notice;
- (xiii) A person who failed to submit a report or materials under the provisions of Article 42(1) (including where applied *mutatis mutandis* under Article 50(3) (including where applied *mutatis mutandis* under Article 62(2)) or Article 42(2), or who submitted a false report or materials;
- (xiv) A person who failed to respond to inquiries made by the relevant officials under the provisions of Article 42(1) (including where applied *mutatis mutandis* under Article 50(3) (including where applied *mutatis mutandis* under Article 62(2)) or Article 42(2), or who gave false responses, or who refused, obstructed, or evaded inspections under these provisions;

- (xv) A person who failed to notify under the provisions of Article 51(2), or who filed a notification under the same paragraph, or documents to be attached under Paragraph 3 of the same article, including false statements;
- (xvi) A person who violated orders given under the provisions of Article 51(4);
- (xvii) A person who failed to notify under the provisions of Article 51(5), or filed a false notification;
- (xviii) A person who failed to submit a report or materials under the provisions of Article 51(6), or who submitted a false report or materials;
- (xix) A person who failed to respond to inquiries made by the relevant officials under the provisions of Article 51(6), or who gave false responses, or who refused, obstructed, or evaded inspections under these provisions;
- (xx) A person who violated the provisions of Article 51(8) or (9);
- (xxi) A person who submitted an application form under the provisions of Article 53(2), or documents to be attached to such application under the provisions of Paragraph 3 of the same article, including false statements;
- (xxii) A person who submitted an application form under the provisions of Article 54(3), or documents to be attached to such application under the provisions of Paragraph 4 of the same article, including false statements;
- (xxiii) A person who failed to give public notice under the provisions of Article 57(3) or (5), or who gave false public notice;
- (xxiv) A person who failed to submit a report or materials under the provisions of Article 58(1) or who submitted a false report or materials;
- (xxv) A person who failed to respond to inquiries made by the relevant officials under the provisions of Article 58(1), or who gave false responses, or who refused, obstructed, or evaded inspections under this provision;
- (xxvi) A person who submitted an application form under the provisions of Article 68(1), or documents to be attached to such application under the provisions of Paragraph 2 of the same article, including false statements;
- (xxvii) A person who failed to submit a report under the provisions of Article 77(1), or who submitted a false report;
- (xxviii) A person who failed to make the explanatory documents under the provisions of Article 78 available for public inspection, or who made explanatory documents including false statements available for public inspection;
- (xxix) A person who failed to submit a report or materials under the provisions of Article 80(1), or who submitted a false report or materials;
- (xxx) A person who failed to respond to inquiries made by the relevant officials under the provisions of Article 80(1), or who gave false responses, or who refused, obstructed, or evaded inspections under this provision;

- (xxxix) A person who submitted an application form under the provisions of Article 87(1), or documents to be attached to such application under the provisions of Paragraph 2 of the same Article, including false statements;
- (xxxii) A person who failed to submit a report under the provisions of Article 98(1), or who submitted a false report;
- (xxxiii) A person who failed to submit a report or materials under the provisions of Article 100(1), or who submitted a false report or materials;
- (xiv) A person who failed to respond to inquiries made by the relevant officials under the provisions of Article 100(1), or who gave false responses, or who refused, obstructed, or evaded inspections under this provision.

Article 114. A person who falls under any of the following items shall be sentenced to a term of imprisonment of one year or less, or a fine of one million yen or less, or both:

- (i) A person who decreased the capital of a Trust Corporation without approval, in violation of the provisions of Article 6;
- (ii) A person who commenced Trust Business in violation of the provisions of Article 11(5);
- (iii) A person who changed a statement of operational procedures without approval, in violation of Article 13(1);
- (iv) A person who engaged in the ordinary course of business of another corporation, or operated another business, without approval, in violation of Article 16;
- (v) A person who violated an order under Article 18 (including where applied *mutatis mutandis* under Article 20);
- (vi) A person who changed the details or the method of business it conducts without approval, in violation of the provisions of Article 21(4) (including where applied *mutatis mutandis* under Article 63(2));
- (vii) A person who commenced Beneficial Interests Sales Business, in violation of the provisions of Article 91(5).

Article 115. A person who falls under any of the following items shall be sentenced to a term of imprisonment of six months or less, or a fine of five hundred thousand yen or less, or both:

- (i) A person who failed to make a deposit, in violation of Article 11(8) or Article 91(8);
- (ii) A person who failed to notify under the provisions of Article 17(1) (including where applied *mutatis mutandis* under Article 20), or who failed to submit documents to be attached under the provisions of Article 17(2) (including where applied *mutatis mutandis* under Article 20), or who submitted a false report or false documents to be attached;
- (iii) A person who submitted a report or documents to be attached under the provisions of Article 21(3) (including where

applied *mutatis mutandis* under Article 63(2)), including false statements;

- (iv) A person who failed to deliver documents under the provisions of Article 26(1), or who delivered false documents;
- (v) A person who failed to deliver statements under Article 27(1) or who delivered false statements;
- (vi) A person who failed to deliver statements under Article 29(3), or who delivered false statements;
- (vii) A person who failed to deliver documents under Article 95(1), or who delivered false documents.

Article 116. A person who falls under any of the following items shall be fined three hundred thousand yen or less.

- (i) A person who failed to notify under the provisions of Article 12(1) or (2), or who filed a false notification;
- (ii) A person who failed to notify under the provisions of Article 13(2), or who filed a false notification;
- (iii) A person who violated the provisions of Article 14(2);
- (iv) A person who failed to notify under the provisions of Article 19 (including where applied *mutatis mutandis* under Article 20), or who filed a false notification;
- (v) A person who failed to notify under the provisions of Article 41(1), (2) or (4), or who filed a false notification;
- (vi) A person who failed to notify under the provisions of Article 56(1) or (2), or who filed a false notification;
- (vii) A person who failed to notify under the provisions of Article 57(1), (2) or (4), or who filed a false notification;
- (viii) A person who failed to notify under the provisions of Article 71(1) or (3), or who filed a false notification;
- (ix) A person who violated the provisions of Article 72(1);
- (x) A person who, in violation of the provisions of Article 72(2), posted a sign in Paragraph 1 of the same article, or a similar sign;
- (xi) A person who failed to notify under the provisions of Article 79, or who filed a false notification;
- (xii) A person who failed to notify under the provisions of Article 90(1) or (3), or who filed a false notification;
- (xiii) A person who violated the provisions of Article 92(1);
- (xiv) A person who, in violation of the provisions of Article 92(2), posted a sign in Paragraph 1 of the same article, or a similar sign;
- (xv) A person who failed to file a report under the provisions of Article 99, or who filed a false notification.

Article 117. When a representative of a corporation (including organizations that are not corporations, but have provision for a

representative or administrator; hereinafter the same shall apply in this paragraph), an agent of a corporation or person, or an employee or other worker, has violated the provisions of any of the following items regarding the business or the assets of that corporation or person, not only shall the offender be punished but the fines prescribed in the following items shall be imposed on that corporation, and the fines respectively prescribed for those articles shall be imposed on that person;

- (i) Article 112: A fine of three hundred million yen or less;
 - (ii) Article 113 (excluding Items (iii), (xii), and (xxiii)): A fine of two hundred million yen or less;
 - (ii) Article 114(5): a fine of one hundred million yen or less;
 - (iv) Article 111, Article 113(iii), (xii) or (xxiii), Article 114 (excluding Item (v)), or the preceding two articles: The fines respectively prescribed for these articles.
2. Where an organization that is not a corporation is to be penalized under the preceding paragraph, the representative or administrator of the same shall represent that organization regarding that legal action, and the provisions of the [Code of Criminal Procedure](#) concerning where a corporation is the defendant or the accused shall apply *mutatis mutandis*.

Article 118. Where any of the following items apply, an executive or liquidator of a Trust Corporation, a domestic representative or liquidator of a Foreign Trust Corporation, a Trust Agreement Agent or a Seller of Beneficial Interests (if such Trust Agreement Agent or Seller of Beneficial Interests is a corporation, an executive or the liquidator of the same) shall incur a civil fine of one million yen or less:

- (i) When an order given under the provisions of Article 43 is violated;
- (ii) When reserves are not funded or are used, in violation of the provisions in Article 55(1) (including where applied *mutatis mutandis* under Paragraph 2) or Article 55(3);
- (iii) When assets are not held within Japan, in violation of the provisions of Article 55(4);.
- (iv) When assets are not managed under the provisions of Article 75;
- (v) When an order given under the provisions of Article 81 is violated.
- (vi) When books and documents are not prepared or maintained under the provisions of Article 97, or false books and documents are prepared;
- (vii) When an order given under the provisions of Article 101 is violated;
- (viii) When the management of trust assets to be carried out under the provisions of [Article 28](#) of the [Trust Act](#) is not carried

out;

- (ix) When the administrative processes or calculations under the provisions of [Article 39](#) of the [Trust Act](#) are not carried out, or an inventory of assets is not prepared;
- (x) When an inspection or explanation under the provisions of [Article 40](#) of the [Trust Act](#) is refused or not provided, without reasonable cause.

Article 119. A person who falls under any of the following items shall be fined one million yen or less:

- (i) A person who failed to make a deposit in violation of an order given under Article 11(4) or Article 91(4);
- (ii) A person who failed to notify under the provisions of Article 64(1) or (3), or who filed a false notification;
- (iii) A person who failed to submit a report or materials under the provisions of Article 64(2), or who submitted a false report or materials;
- (iv) A person who violated the provisions of Article 66.

Excerpts of Supplementary Provisions

(Effective Date)

Article 1. This Act shall become effective from the day prescribed by Cabinet Order within six months of the day of promulgation (hereinafter referred to as “Effective Date”); provided, however, that the provisions of Article 9 of the Supplementary Provisions shall become effective from the day prescribed by Cabinet Order within three months of promulgation.

(Abrogation of the Specified Claims Act)

Article 2. Act on Regulation of Business Regarding Specified Claims (Act No. 77 of 1992) is hereby abrogated.

(Temporary Measures for Public Notice of Transfers of Specified Claims)

Article 3. When a specified firm provided for in Article 2(3) of the Specified Claims Act (hereinafter referred to as “Specified Firm”) prior to its abrogation under the provisions of the preceding paragraph (hereinafter referred to as “Old Specified Claims Act”), transfers specified claims provided for in Article 2(1) of the Old Specified Claims Act (hereinafter referred to

as “Specified Claims” in this paragraph), after the implementation of this Act, under a transfer plan (where a change in the total transfer amount of Specified Claims under the provisions of Paragraph 4 has been confirmed, such plan after the change) that was confirmed prior to the enforcement of this Act, in accordance with Article 6 of the Old Specified Claims Act (including where applied *mutatis mutandis* under Articles 11(1) and 11-2 of the Old Specified Claims Act; the same shall apply in the following paragraph and Paragraph 3), the provisions of Articles 7 and 8 of the Old Specified Claims Act shall remain in effect even after the implementation of this Act in relation to public notice of the transfer of such Specified Claims.

2. The provisions of Article 8(2) through (4) of the Old Specified Claims Act shall remain in effect even after the implementation of this Act with regards to public notice given under Article 7(1) of the Old Specified Claims Act prior to the implementation of this Act.
3. When a transfer of Specified Claims is deemed to be choate due to public notice given under the provisions of Article 7(1) of the Old Specified Claims Act prior to the enforcement of this Act, or by public notice given under the provisions of Article 7(1) of the Old Specified Claims Act after the enforcement of this Act, that has been deemed effective under Paragraph 1, the provisions of Article 9 of the Old Specified Claims Act (including where applied *mutatis mutandis* under Articles 11(1) and 11-2 of the Old Specified Claims Act) shall remain in effect even after the enforcement of this Act.
4. When a Specified Firm that received confirmation under the provisions of Article 6 of the Old Specified Claims Act prior to the enforcement of this Act seeks to change the total amount of the Specified Claims to be transferred (limited to increases in total amount of Specified Claims), the Specified Firm may submit the changed plan concerning the transfer of such Specified Claims to the Minister of Industry, Trade and Economy, and receive confirmation that it conforms to each of the items of Article 6 of the Old Specified Claims Act, after the enforcement of this Act.
5. When a Specified Firm receives confirmation for a plan concerning the transfer of Specified Claims under the provisions of Article 6 of the Old Specified Claims Act prior to the enforcement of this Act (including receiving confirmation of a change in the total amount of Specified Claims to be transferred under the provisions of the preceding Paragraph after the enforcement of this Act), the provisions of Article 10 of the Old Specified Claims Act (including when applied *mutatis mutandis* under Articles 11(1) and 11-2 of the Old Specified Claims Act) shall remain in effect, even after the enforcement of this Act.

(Temporary Measures for Former Executives or Employees of Designated Investigative Body)

Article 4. The duty to not divulge secrets, knowledge of which was obtained by officers or employees of designated investigative institutions provided for in Article 12(1) of the Old Specified Claims Act engaged in investigations provided for in the same paragraph, in relation to such investigations the provisions then in force shall remain applicable, even after the enforcement of this Act.

(Temporary Measures for Transferees of Specific Claims)

Article 5. When a specified claims transferee firm provided for in Article 2(5) of the Old Specified Claims Act (including a person deemed to be a specified claims transferee firm under the provisions of Article 66 of the Old Specified Claims Act), who receives the transfer of Specified Claims provided for in the Article 2(2) of the Old Specified Claims Act, (hereinafter referred to as “Specified Claims” in this article) in accordance with a plan submitted under the provisions of Article 3 of the Old Specified Claims Act prior to the enforcement of this Act, the provisions of Articles 36 through 39, Article 41, Articles 43 through 49, Article 67, Article 70, and Articles 72 through 74 of the Old Specified Claims Act shall remain in effect until the repayment of small claims related to such Specified Claims provided for in Article 2(6) of the Old Specified Claims Act is complete.

(Temporary Measures for Sellers of Small Claims)

Article 6. A person who has received approval under the provisions of Article 52 of the Old Specified Claims Act, at the time of the enforcement of this Act, may continue to operate Trust Beneficiary Sales Business (limited to such part of that business granted approval that falls under small claim sales) without registration under Article 86(1) of the Trust Business Act as amended under this Act (hereinafter referred to as “New Trust Business Act”), until the earlier of the day on which six months have passed since the day of enforcement of this Act, or six years have passed since the day of such approval (including renewals). If such person submits an application for registration under the same paragraph within such period, the same shall apply until is the person is registered or registration is denied.

2. If, during the period provided for in the preceding paragraph, the approval is rescinded or the suspension of business is ordered against a person who has received such approval provided for in the same paragraph under the provisions of Article 50 of the Old Specified Claims Act applied *mutatis mutandis* under Article 65 of the Old Specified Claims Act, a provision

then in force which is to remain applicable under the provisions of the same paragraph, the period prescribed by the preceding paragraph shall end on the day of such disposition.

(Application of the Trust Business Act)

Article 7. The provisions of Articles 22 and 23 of the New Trust Business Act (including where applied *mutatis mutandis* under Article 4(1) of the [Act on the Concurrent Undertaking of Trust Business by Financial Institutions](#) as amended by Article 15 of the Supplementary Provisions (hereinafter referred to as “New Concurrent Undertaking Act”) and Article 99(8) of the Insurance Act as amended by Article 80 of the Supplementary Provisions (Act No. 105 of 1995; hereinafter referred to as “New Insurance Business Act”)) shall apply to the entrustment of trust business carried out from the Effective Date.

2. The provisions of Articles 24 through 26, 28 and 29 of the New Trust Business Act (including where applied *mutatis mutandis* under Article 4(1) of the New Concurrent Undertaking Act and Article 99(8) of the New Insurance Business Act), shall apply to the underwriting of trusts carried out from the Effective Date.

3. The provisions of Article 27 of the New Trust Business Act (including where applied *mutatis mutandis* under Article 4(1) of the New Concurrent Undertaking Act and Article 99(8) of the New Insurance Business Act) shall apply to trust assets that commence their calculation period after the Effective Date.

4. The provisions of Articles 65 and 66 of the New Trust Business Act shall apply to the trust assets of trusts that are underwritten after the Effective Date.

5. The provisions of Articles 74 and 75 of the New Trust Business Act (including where applied *mutatis mutandis* under the provisions of Article 4(2) of the New Concurrent Undertaking Act and Article 99(9) of the New Insurance Business Act), Articles 24 and 25 applied *mutatis mutandis* under Article 76, and Article 85 (including where these provisions are applied *mutatis mutandis* under the provisions of Article 4(2) of the New Concurrent Undertaking Act and Article 99(9) of the New Insurance Business Act), shall apply to agency in relation to (limited to where a Trust Corporation or Foreign Trust Corporation is represented) or brokering of the entering into of trust agreements after the Effective Date.

6. The provisions of Articles 94 and 95 of as the New Trust Business Act (including where these provisions are applied under the provisions of Article 105(2) of the New Trust Business Act (including where applied *mutatis mutandis* under Article 4(3) of the New Concurrent Undertaking Act)), and Article 24 as applied *mutatis mutandis* under Article 96 (including

where applied under the provisions of Article 105(2) of the New Trust Business Act (including where applied *mutatis mutandis* under Article 4(3) of the New Concurrent Undertaking Act)), shall apply to Sales of Beneficial Interests, etc., provided for in Article 91(6) of the New Trust Business Act carried out after the Effective Date.

(Temporary Measures for Deposits)

Article 8. Deposits in existence at the time of enforcement of this Act, made under the provisions of Article 8 of the Trust Business Act prior to amendment by this Act (referred to as “Old Trust Business Act” in the next paragraph; including where applied *mutatis mutandis* under Article 4 of the Act on the Concurrent Undertaking of Trust Business by Financial Institutions prior to amendment by Article 15 of the Supplementary Provisions (hereinafter referred to as “Old Concurrent Undertakings Act”) and Article 99(8) the Insurance Business Act prior to amendment by Article 80 of the Supplementary Provisions (referred to as “Old Insurance Business Act” in the following paragraph)), shall be deemed to be business security deposits under Article 11(1) of the New Trust Business Act (including where applied *mutatis mutandis* under Article 4(1) of the New Concurrent Undertakings Act and Article 99(8) of the New Insurance Business Act).

2. In cases under the preceding paragraph, the priority of beneficiaries over the deposit under Article 8 of the Old Trust Business Act (including where applied *mutatis mutandis* under Article 4 of the New Concurrent Undertakings Act and Article 99(8) of the New Insurance Business Act), in existence at the time of the enforcement of this Act, shall be deemed to be a right provided for in Article 11(6) of the New Trust Business Act (including where applied *mutatis mutandis* under Article 4(1) of the New Concurrent Undertakings Act and Article 99(8) of the New Insurance Business Act).

(Acts of Preparation)

Article 9. A person seeking a license under Articles 3 or 53(1) of the New Trust Business Act, or registration under Articles 7(1), 52(1), 54(1), 67(1) or 86(1) of the New Trust Business Act, may submit an application under Articles 4, 8 (including where applied *mutatis mutandis* under Article 52(2)), 53, 54, 68 or 87 of the New Trust Business Act prior to the enforcement of this Act.

2. A person who submits false statements in the application form or documents to an application provided for in the preceding paragraph shall be sentenced to imprisonment for a term of one year or less and a fine of three million yen or less, or both.

3. When a representative of a corporation (including organizations that are not corporations, but have provision for a

representative or administrator; hereinafter the same shall apply in this paragraph), an agent of a corporation or person, or an employee or other worker, has violated the provisions of the preceding paragraph regarding the business of such corporation or person, not only shall the offender be punished but a fine of two hundred million yen or less shall be imposed on that corporation and the fines prescribed by that paragraph shall be imposed on that person.

4. Where an organization that is not a corporation is to be penalized under the preceding paragraph, the representative or administrator of the same shall represent that organization regarding that legal action, and the provisions of the [Code of Criminal Procedure](#) concerning where a corporation is the defendant or the accused shall apply *mutatis mutandis*.

(Effectiveness of Penalties)

Article 121. Penalties, procedures and other acts imposed under the provisions of laws prior to the enforcement of this Act (including orders pursuant to the same; hereinafter the same shall apply in this article) for which an equivalent provision exists in the respective amended laws, shall be deemed to have been imposed under the equivalent provisions of the amended laws, unless otherwise provided in these Supplementary Provisions.

(Temporary Measures for Penalties)

Article 122. In relation to the application of penalties to acts committed prior to the enforcement of this Act, and acts committed after the enforcement of this Act where these Supplementary Provisions provide that the provisions then in force shall remain applicable and that same shall remain effective, the provisions then in force shall remain applicable.

(Delegations of other Temporary Measures to Cabinet Orders)

Article 123. The temporary measures necessary in relation to the enforcement of this Act in addition to the provisions of these Supplementary Provisions shall be prescribed by Cabinet Order.

(Review)

Article 124. The government shall review the state of the enforcement of this Act within three years of the enforcement of this Act and if the government regards it as necessary, shall implement the requisite measures pursuant to the conclusions from the same.

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

(Enforcement Date)

Article 1. This Act shall become effective on January 6, 2003; provided, however, that the provisions of each of the following items shall become effective from the days prescribed in such items.

(ii) The provisions of Article 3, Article 3 of the Supplementary Provisions and Articles 58 to 78: From the date prescribed by Cabinet Order within five years of the day of enforcement (hereinafter referred to as “Effective Date”) of this Act.

(Temporary Measures on Partial Amendment of Trust Business Act)

Article 59. Article 30(2) of the provisions of Trust Business Act prior to amendment, under the provisions of the preceding paragraph, shall remain in effect with regard to registered bonds, etc., under the provisions of the Old Bond Registration Act that are to remain in effect under the provisions of Article 3 of the Supplementary Provisions.

(Temporary Measures on Application of Penalties)

Article 83. For acts committed prior to the enforcement of this Act (for the provisions listed in each of the items of Article 1 of the Supplementary Provisions, such provisions; hereinafter the same shall apply in this article), and acts committed after the enforcement of this Act for which these Supplementary Provisions provide that the provisions then in force shall remain applicable, the provisions then in force shall remain applicable in relation to the application of penalties.

(Delegation of other Temporary Measures to Cabinet Orders)

Article 84. The temporary measures necessary in relation to the enforcement of this Act in addition to the provisions of these Supplementary Provisions shall be prescribed by Cabinet Order.

(Review)

Article 85. Where five years have passed since the enforcement of this Act, the government shall consider the state of enforcement of the New Bond Registration Act, the New Securities Exchange Act and the New Financial Futures Exchange

Act and matters such as changes in social and economic affairs, and shall review the systems for member protection trusts provided for in Article 2(11) of the New Debenture Registration Act, the securities clearing institutions provided for in Article 2(27) of the New Securities Exchange Act, and the financial futures clearing institutions provided for in Article 2(13) of the New Financial Futures Exchange Act, when it is regarded as necessary, shall implement the requisite measures based on the conclusions from the same.

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

(Effective Date)

Article 1. This Act shall become effective from the day of enforcement of the Bankruptcy Act (Act No. 75 of 2004; Referred to as “New Bankruptcy Act” in Paragraph 8 of the following article and Articles 3(8), 5(8), (16) and (21), 8(3) and 13 of the Supplementary Provisions).

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

(Effective Date)

Article 1. This Act shall become effective from the date provided by Cabinet Order within five years from the day of promulgation (hereinafter referred to as “Effective Date”)

(Temporary measures on Application of Penalties)

Article 134. For acts committed prior to the enforcement of this Act (for the provisions listed in the proviso to Article 1 of the Supplementary Provisions, such provisions; hereinafter the same shall apply in this article), and acts committed after the enforcement of this Act for which these Supplementary Provisions provide that the provisions then in force shall remain applicable, the provisions then in force shall remain applicable in relation to the application of penalties.

(Delegations of other Temporary Measures to Cabinet Orders)

Article 135. The temporary measures necessary in relation to the enforcement of this Act in addition to the provisions of these Supplementary Provisions shall be prescribed by Cabinet Order.

(Reviews)

Article 136. Where five years have passed since the enforcement of this Act, the government shall consider the state of enforcement of the provisions of this Act following amendment and changes in social and economic affairs, and shall review the clearance system for share etc. transactions after the amendment of this Act and if the government regards it as necessary, shall implement the requisite measures based on the conclusions of the same.

Excerpts of Supplementary Provisions (Act No. 124 of June 18, 2004)

(Effective Date)

Article 1. This Act shall become effective from the day of promulgation of the New Real Estate Registration Act.

(Provisional Measures)

Article 2. If the effective date of this Act is after day of enforcement of the Act Concerning the Protection of Personal Data held by Administrative Organs, in the provisions of Article 52, the words “Article 114-3” in the revised provisions of Article 114-3 and Articles 117 to 119 of the Commercial Registration Act shall be read as “Article 114-4.”