

**ARTICLES OF ASSOCIATION OF  
TYPE II FINANCIAL INSTRUMENTS FIRMS ASSOCIATION**

**CHAPTER I GENERAL PROVISIONS**

**(Name)**

**Article 1** The name of the association (hereinafter referred to as “Association”) shall be Dainishu Kinyu Torihikigyō Kyōkai (English name: Type II Financial Instruments Firms Association).

**(Main Offices)**

**Article 2** The Association’s main office shall be located in Chuo-ku, Tokyo.

**(Definitions)**

**Article 3** In the Articles of Association, the definitions of the terms set forth in each of the following Items shall be prescribed in each Item.

- (1) Financial Instruments Business: Financial Instruments Business prescribed in Article 2, Paragraph 8 of the Financial Instruments and Exchange Act (hereinafter referred to as “FIEA”).
- (2) Financial Instruments Business Operators: Financial Instruments Business Operators prescribed in Article 2, Paragraph 9 of the FIEA.
- (3) Operators Handling Type II Electronic Public Offering for Micropayment Transaction: Operators Handling Type II Electronic Public Offering for Micropayment Transaction as described in Article 29-4-3, Paragraph 2 of the FIEA.
- (4) Registered Financial Institutions: Registered Financial Institutions prescribed in Article 2, Paragraph 11 of the FIEA.
- (5) Type II Financial Instruments Business: Type II Financial Instruments Business prescribed in Article 28, Paragraph 2 of the FIEA.
- (6) Operation Involving Type II Electronic Public Offering for Micropayment Transaction: Operation Involving Type II Electronic Public Offering for Micropayment Transaction as described in Article 29-4-3, Paragraph 4 of the FIEA.
- (7) Self-Offering: Acts prescribed in Article 2, Paragraph 8, Item (7) of the FIEA (limited to those related to Securities set forth in (f) and (g) of the same Item).
- (8) Sales and Purchase or Other Transactions of Quasi Securities: Acts prescribed in Article 2, Paragraph 8, Items (1) to (3), (8) or (9) of the FIEA about the rights regarded as Securities pursuant to Article 2, Paragraph 2 of the FIEA that are set forth in each Item of the same Paragraph.

- (9) Self-Offering and Other Transactions: Self-Offering and Sales and Purchase or Other Transactions of Quasi Securities.
- (10) Registered Financial Institution Business: Business activities conducted by Registered Financial Institutions after being registered under Article 33-2 of the FIEA, which are prescribed in the preceding item.
- (11) Type II Financial Instruments Business, etc.: Type II Financial Instruments Business and Registered Financial Institution Business.
- (12) Authorized Association: Authorized Financial Instruments Firms Association prescribed in Article 2, Paragraph 13 of the FIEA.
- (13) Public Interest Association: Public Interest Corporation-Type Financial Instruments Firms Association prescribed in Article 78, Paragraph 2 of the FIEA.
- (14) Financial Instruments Exchange: Financial Instruments Exchange prescribed in Article 2, Paragraph 16 of the FIEA.

#### **(Association Members)**

**Article 4** The Association Members shall be Regular Members, Members Operating Online, and Support Members, and the Regular Members and Members Operating Online shall be employees under the Act on General Incorporated Association and General Incorporated Foundation (hereinafter referred to as the “Act on General Incorporated Organization”).

#### **(Regular Members and Members Operating Online)**

**Article 5** Regular Members shall be the Financial Instruments Business Operators and the Registered Financial Institutions who conduct the Self-Offering and Other Transactions as their main business, both of which obtain approval pursuant to Article 19.

**2.** Members Operating Online shall be Operators Handling Type II Electronic Public Offering for Micropayment Transaction who obtain approval pursuant to Article 19.

#### **(Support Members)**

**Article 6** Support Members of the Association shall be those who support the activities of the Association and are approved by the Association.

**2.** The Support Members may obtain information on the business of the Association (limited to those approved by the Association).

#### **(Purpose)**

**Article 7** The purposes of the Association shall be to ensure fair and smooth Type II Financial Instruments Business, etc. conducted by the Regular Members and Members Operating Online and sound development of the Type II Financial Instruments Business, etc. and thereby contribute to investor protection.

**(Business)**

**Article 8** In order to accomplish the purposes of the preceding Article, the Association shall conduct the business activities set forth in each of the following Items:

- (1) To instruct, and give recommendations to, the Regular Members and Members Operating Online in conduct of Type II Financial Instruments Business, etc. for the purpose of complying the FIEA and other related laws and regulations;
- (2) To conduct necessary survey and give necessary guidance and recommendations to the Regular Members and Members Operating Online in conduct of Type II Financial Instruments Business, etc. for the purpose of making contracts fairer, managing assets more appropriately, and protecting investors;
- (3) To investigate Regular Members and Members Operating Online on their situation of observance of laws and regulations or orders pursuant to such laws and regulations, disciplinary actions taken by administrative government offices pursuant to laws, regulations, and orders, or the Articles of Association and other regulations or the good faith principles of transactions, and the situation of the business and property of Regular Members and Members Operating Online;
- (4) To resolve any complaint made by investors about Type II Financial Instruments Business, etc. conducted by the Regular Members and Members Operating Online and to mediate in the case any dispute arises in Type II Financial Instruments Business, etc. conducted by the Members;
- (5) To establish rules of business necessary for appropriate solicitation of transactions of Type II Financial Instruments Business, etc. conducted by the Regular Members and Members Operating Online;
- (6) To conduct examinations, training, etc., for officers and employees of Regular Members and Members Operating Online in order to improve the quality of their work;
- (7) To conduct research and study on subjects concerning Financial Instruments, Financial Indicators, and Financial Instruments Markets and to make recommendations and requests to the government, etc., whenever necessary;
- (8) To distribute information to, enlighten, and provide knowledge to the public on Financial Instruments, Financial Indicators, and Financial Instruments Markets;
- (9) To promote mutual communication and to adjust differences of opinions among Regular Members and Members Operating Online;
- (10) To promote mutual communication and to adjust differences of opinions between the Association and organizations related to the Financial Instruments Business;
- (11) To support activities by the Regular Members and Members Operating Online for precluding antisocial forces; and

- (12) To conduct other business activities in addition to the activities set forth in each of the preceding Items which are necessary for the accomplishment of the purposes of the Association.

2. The Association shall not conduct any business for profit.

**(Operational Rules, etc.)**

**Article 9** The Association shall establish operational rules that specify methods to conduct operations which are necessary for properly and surely operating the businesses prescribed in each Item of Paragraph 1 of the preceding Article.

2. In addition to the Operational Rules, the Association may establish Self-regulatory Regulations, Association Management Rules, and other regulations and rules.

**(Articles of Association Enforcement Regulations)**

**Article 10** Any matters that are necessary for the enforcement of the Articles of Association shall be prescribed in “the Regulations concerning the Enforcement of the Articles of Association” (hereinafter referred to as “Articles of Association Enforcement Regulations”).

**(Enactment and Amendment of Operational Rules, Regulations, etc.)**

**Article 11** The enactment, amendment, and abolition of the Operational Rules, the Self-regulatory Regulations, the Association Management Rules, the Articles of Association Enforcement Regulations, and other regulations, as well as the detailed rules thereunder, shall be made by a resolution of the Board of Governors.

**(Membership)**

**Article 12** A Regular Member and a Member Operating Online shall have a membership (hereinafter referred to as “the Membership”), and based on the Membership, shall have a designated number of votes as described respectively in the following Items with respect to the business of the Association; provided, however, that a Regular Member or a Member Operating Online shall have no vote with respect to the matters in which the Member has a special interest.

- (1) Regular Member: Two votes
- (2) Member Operating Online: One vote

2. The Membership shall lapse if the Regular Member or Member Operating Online meets any of the following conditions:

- (1) The Member has withdrawn from the Association;
- (2) The Member has been expelled from the Association;
- (3) All Regular Members and Members Operating Online (hereinafter referred to as “All Members”) agree;
- (4) The Member is dissolved.

3. In the case of a merger or consolidation involving a Regular Member or a Member Operating Online, the Membership shall be inherited if the surviving company or the newly established company resulting from the merger or consolidation is eligible for the requirements prescribed in Article 5. In that case, such company shall have one vote or two votes, as described in Paragraph 1, Item (1) or Item (2), in accordance with the member category of the company.
4. The Membership shall not be transferred.

#### **(Membership Fees and Additional Membership Fees)**

**Article 13** Regular Members, Members Operating Online, and Support Members shall pay Membership fees to the Association as determined by the Association.

2. When the Association deems it necessary to make appropriations for special disbursements, a Regular Member or a Member Operating Online shall pay additional membership fees as determined by the Association.
3. The amount of the regular and additional membership fees shall be determined by a resolution of the General Assembly of Members.
4. The Association shall not reimburse the Membership fees and additional fees paid pursuant to the provisions of Paragraphs 1 and 2.

#### **(Member Representative and Respective Deputy)**

**Article 14** Under the provisions of the Articles of Association Enforcement Regulations, a Regular Member and a Member Operating Online shall appoint a person representing the Regular Member or the Member Operating Online, respectively, with respect to the business of the Association (hereinafter referred to as “Member Representative(s)”), and must notify the Association of the appointments.

2. Under the provisions of the Articles of Association Enforcement Regulations, a Regular Member may appoint a deputy for its Member Representative with respect to the business of the Association, and must notify the Association of the appointment.
3. If the Association deems a Member Representative or his/her deputy incompetent, it may request replacement by presenting appropriate reasons therefor.

#### **(Notification and Reports)**

**Article 15** If a Regular Member or a Member Operating Online falls under the cases under the provisions of the Articles of Association Enforcement Regulations or other regulations, the Member must notify or report the details to the Association without delay in the prescribed form.

#### **(Submission, etc., of Materials)**

**Article 16** When deemed necessary, the Association may request that a Regular Member or a

Member Operating Online submit reports or materials concerning the situation of observance by the Member of laws and regulations, disciplinary actions taken by administrative government offices pursuant to laws and regulations, or the Articles of Association and other regulations or the good faith principles of business transactions, and concerning the Member's business and property.

2. A Regular Member or Member Operating Online must comply with the Association's request to submit the reports or materials prescribed in the preceding Paragraph.

**(Audit)**

**Article 17** Under the provisions of "the Audit Regulations," the Association may audit the observance by a Regular Member or Member Operating Online of laws and regulations, disciplinary actions taken by administrative government offices pursuant to laws and regulations, or the member's observance of the Articles of Association and other regulations or the good faith principles of business transactions, and may audit the business and property condition of the Member or its books and records, and other objects .

2. A Regular Member and/or a Member Operating Online shall accept the audit conduct by the Association pursuant to the preceding Paragraph.

3. The Association may conduct the audit prescribed in Paragraph 1 above in cooperation with the Authorized Association or the Public Interest Association, as necessary.

**(Restriction on the Use of the Association's Name)**

**Article 18** Unless otherwise prescribed in the FIEA and relevant laws and regulations, no Regular Member or Member Operating Online shall use the name of the Association without obtaining the approval of the Association.

2. No Support Member shall use or display any name that may give the false impression that the Member is a Regular Member.

**(Approval of Admission)**

**Article 19** A party that intends to join the Association as a Regular Member or Member Operating Online shall submit to the Association an application for admission in the form separately provided by the Association and must obtain the approval of the Association.

2. The application for admission prescribed in the preceding Paragraph must be accompanied by the documents prescribed under the provision of the Articles of Association Enforcement Regulations.

3. The approval of the admission prescribed in Paragraph 1 above shall be made by a resolution of the Board of Governors.

4. The Association may give necessary instructions for admission of a Regular Member or Member Operating Online newly joining the Association prescribed in Paragraph 1 above for the purpose of developing internal rules and control systems that enable it to comply with laws and regulations, the Articles of Association, and other regulations.

### **(Refusal of Admission)**

**Article 20** When an entity that has applied for admission prescribed in Paragraph 1 of the preceding Article (hereinafter referred to as “Admission Applicant”) falls under any of the following Items, the Association may refuse its admission:

- (1) If Admission Applicant has been ordered to suspend Self-Offering and Other Transactions or has been expelled from membership or has had trading qualifications revoked by the Authorized Association, the Public Interest Association, or a Financial Instruments Exchange on a charge of violation of laws and regulations, disciplinary actions taken by administrative government offices pursuant to laws and regulations, or the Articles of Authorized Association, Public Interest Association, or Articles of Incorporation of a Financial Instruments Exchange or other regulations or on a charge of an act in violation of the good faith principles of business transactions; or
- (2) If Admission Applicant has made a false statement or has failed to make a statement on important matters in the application for admission or the documents accompanying the application prescribed in the preceding Article; or
- (3) If Admission Applicant is a person who may damage the credibility or decency of Type II Financial Instruments Business, etc.

### **(Payment of Admission Fee upon Approval of Admission)**

**Article 21** An Admission Applicant who has obtained approval for admission to the Association must pay an admission fee by the date designated by the Association.

2. The amount of the admission fee shall be determined by a resolution of the General Assembly of Members.
3. The admission fee prescribed in Paragraph 1 shall not be reimbursed to the Association Members.

### **(Payment upon Registration of Change of Main Business of Regular Members)**

**Article 21-2** If a Member Operating Online receives approval to register a change of its main business as prescribed in Article 31, Paragraph 4 of the FIEA, and its business is no longer limited to Operations Involving Type II Electronic Public Offering for Micropayment Transaction, the Member Operating Online becomes a Regular Member upon a resolution of the Board of Governors.

2. If a Member Operating Online becomes a Regular Member pursuant to the preceding Paragraph, the Member shall pay a processing fee for the change of member category as determined by the Association.

### **(Approval of Withdrawal)**

**Article 22** A Regular Member or Member Operating Online that intends to withdraw from

the Association shall submit to the Association an application for withdrawal in a form separately prescribed by the Association, and shall obtain the approval of the Association; provided, however, that submission of such application shall not be necessary if the Association specifically admits it.

2. Approval of the withdrawal prescribed in the preceding Paragraph shall be made by a resolution of the Board of Governors.

**(Withdrawal of Support Members)**

**Article 22-2** A Support Member that falls behind in the payment of Membership fee prescribed in Article 13, Paragraph 1 for one year after the payment due date, such Member shall withdraw from the Association.

**(Disciplinary Action, etc. of Regular Members and Members Operating Online)**

**Article 23** When a Regular Member or Member Operating Online is deemed to fall under any of the Items below, the Association may, after giving such Member an opportunity to explain, take disciplinary action against such Member by a resolution of the Board of Governors: provided, however, that expulsion from the Association shall be decided by a resolution of the General Assembly of Members.

- (1) If it has joined the Association by dishonest means;
- (2) If it has become insolvent and such insolvency cannot be recovered with ease;
- (3) If it has violated laws and regulations, disciplinary actions taken by administrative government offices pursuant to laws and regulations, or the Articles of Association and other regulations, a resolution of the General Assembly of Members or the Board of Governors, or a disciplinary action thereunder;
- (4) If it has committed an act in violation of the good faith principles of business transactions;
- (5) If it has failed to make the payment of money which should be paid to the Association as prescribed by the Association;
- (6) If it has failed to make the notification or report prescribed in Article 15 hereof, or it has presented a false notification or report;
- (7) If it has failed to submit the reports or materials prescribed in Article 16 hereof, or it has submitted false reports or materials;
- (8) If it has refused, disturbed, or evaded the audit prescribed in Article 17 hereof;
- (9) If it has used the Association name without permission in violation of the provisions of Article 18, Paragraph 1;
- (10) If it has violated the instructions prescribed in Article 19, Paragraph 4 hereof; or

- (11) If any major shareholder (major shareholders prescribed in Article 29-4, Paragraph 2 of the FIEA), officer, or employee is found to be an antisocial force prescribed in Article 2, Item (2) of the Act on Prevention of Unjust Acts by Organized Crime Group Members, a member of an antisocial force prescribed in Item (6) of the same Article in the same Act, or any other antisocial force, thereby ruining the credibility of the financial instruments business; or
  - (12) If it comes to meet any requirement of admission refusal prescribed in Article 20, Item (3).
2. The types of the disciplinary action prescribed in the preceding Paragraph shall be reprimand, imposition of penalty money, suspension or limitation of the Membership, and expulsion.
  3. The amount of the penalty money prescribed in the preceding Paragraph shall be up to one hundred million yen (¥100,000,000); provided, however, that if there exists an amount of gain that is deemed to have a significant relationship with the act set forth in each Item of Paragraph 1 (including the amount of loss averted in the case of loss aversion; hereinafter referred to as “Amount of Unfair Gain”), such Amount of Unfair Gain may be added to the penalty money.
  4. The period of the suspension or limitation of the Membership prescribed in Paragraph 2 above shall be six months or less.
  5. At the time of taking a disciplinary action prescribed in Paragraph 1, if it is deemed reasonable to suspend or limit the Membership, and if the total period of suspension or limitation of the Membership calculated from the previous suspension or limitation period which started on the corresponding date of five years ago or later exceeds one year, the Association may expel such Member after a resolution of the General Assembly of Members.
  6. The imposition of penalty money exceeding one hundred million yen that is determined by applying the proviso in Paragraph 3 above and the suspension or limitation of the Membership shall be decided by a resolution with the affirmative vote of two-thirds or more of the voting rights of the members of the Board of Governors in attendance.
  7. In the case of the disciplinary action prescribed in Paragraph 1 above, penalty money and suspension or limitation of the Membership may be imposed jointly.
  8. Even in the event that a Regular Member or Member Operating Online has its Membership suspended or limited prescribed in Paragraph 1 above, the Member must perform all of its duties as a Regular Member or Member Operating Online during such period.

**(Admonition to Regular Members and Members Operating Online)**

**Article 24** If the observance by a Regular Member or Member Operating Online of laws and regulations, disciplinary actions taken by administrative government offices pursuant to laws and regulations, or the Articles of Association and other regulations or the good faith principles of business transactions, or the Member’s business or property is deemed inappropriate in light of the Association’s purposes, the Association may admonish the

Member by presenting reasons therefor.

**(Name List of Regular Members and Members Operating Online)**

**Article 25** The Association shall have a name list that indicates the names and addresses of the Regular Members and Members Operating Online and maintain it in the Association's office.

**CHAPTER II GENERAL ASSEMBLY OF MEMBERS**

**(Convocation of General Assembly)**

**Article 26** There are two types of General Assembly of Members: Ordinary General Assembly and Extraordinary General Assembly. The General Assembly of members shall be regarded as a general assembly of employees under the Act on General Incorporated Organization.

**2.** An Ordinary General Assembly shall be convened within three months after the end of each business year, while an Extraordinary General Assembly shall be convened whenever necessary.

**3.** A General Assembly shall be convened by the Chairman based on a resolution of the Board of Governors; provided, however, that when the convocation of a General Assembly is requested by Regular Members and Members Operating Online who have one-fifth or more voting rights of All Members by presenting an agenda and reasons for the convocation, the Chairman shall convene the General Assembly without delay.

**4.** Except for an emergency, the General Assembly prescribed in the preceding three Paragraphs shall be convened by notifying each Regular Member and Member Operating Online of the date, time, place, and agenda of the meeting at least two weeks prior to the General Assembly.

**(Agenda)**

**Article 27** A General Assembly of Members shall resolve the matters set forth in each of the following Items in addition to the matters separately prescribed in the Articles of Association:

- (1) Matters concerning amendments to the Articles of Association;
- (2) Matters concerning approval of account results and the business report for each business year;
- (3) Matters concerning the dissolution of the Association and the disposition of its residual property; and
- (4) Other matters which are deemed necessary by the Board of Governors in addition to the matters set forth in each of the preceding Items.

**(Attendance Eligibility)**

**Article 28** A Member Representative or his/her respective deputy is eligible to attend a General Assembly of Members.

**(Quorum and Exercise of Voting Rights)**

**Article 29** The proceedings of a General Assembly of members may not be commenced and resolutions may not be made unless Regular Members and Members Operating Online who have a majority of the voting rights of All Members with respect to the agenda concerned are present.

2. When the Board of Governors has granted the right to vote in writing, a Regular Member or Member Operating Online may exercise its vote(s) by submitting a document to the Chairman of the General Assembly of Members.

3. A Regular Member or Member Operating Online that has submitted a document to exercise its voting right prescribed in the preceding Paragraph shall be deemed to be present at the General Assembly of Members.

**(Resolution Method)**

**Article 30** A resolution of a General Assembly of Members shall be adopted with the affirmative vote of a majority of the Regular Members and Members Operating Online present; provided, however, that resolutions for issues set forth in each Item below shall be made by the affirmative vote of a majority of all Members and the affirmative vote of two-thirds or more of all Members.

- (1) Amendments to the Articles of Association;
- (2) The dissolution of the Association;
- (3) The disposition of the residual property;
- (4) Expulsion;
- (5) Removal of Auditor
- (6) Other issues prescribed in laws and regulations.

**(Minutes)**

**Article 31** Minutes shall be prepared to record a summary of the proceedings and the result of a General Assembly of Members, and the Chairman of the General Assembly and at least two Governors who attend the General Assembly shall sign, or affix their names and seals on the minutes.

**CHAPTER III ASSOCIATION ORGANS**

**SECTION 1. MANAGING OFFICIALS, ETC.**

**(Number of Managing Officials)**

**Article 32** The Association shall have the following managing officials.

- |               |                         |                    |
|---------------|-------------------------|--------------------|
| (1) Governors | Regular Member Governor | 10 persons or less |
|               | Public Governor         | 6 persons or less  |
|               | Standing Governor       | 3 persons or less  |
| (2) Auditors  | Regular Member Auditor  | 2 persons          |

**(Appointment of Managing Officials)**

**Article 33** Regular Member Governors prescribed in the preceding Article shall be appointed by a resolution of the General Assembly of Members from among Member Representatives or their deputies who are submitted as deputies to the Association pursuant to Article 14, Paragraph 2.

2. Public Governors prescribed in the preceding Article shall be appointed by a resolution of the General Assembly of Members from among persons who are considered to have an insight into the process of ensuring implementation of fair Financial Instruments Businesses and the proper operation of Financial Instruments Markets and who are not engaged in daily business operations of a company that is directly related to the Type II Financial Instruments Business, etc.

3. Standing Governors prescribed in the preceding Article shall be appointed by a resolution of the General Assembly of Members from among persons who are neither officers nor employees of Regular Members or Members Operating Online.

4. Regular Member Auditors prescribed in the preceding Article shall be appointed by a resolution of the General Assembly of Members from among Member Representatives or their deputies who are submitted as deputies to the Association pursuant to Article 14, Paragraph 2.

5. A Regular Member Governor shall not serve concurrently as a Regular Member Auditor, and vice versa.

6. The use of Member Representatives and their deputies described in Paragraph 1 and Paragraph 4 are limited to Regular Members.

7. Candidates of Managing Officials shall be elected by the Board of Governors.

**(Election, etc. of Substitute Governors)**

**Article 34** When implementing the appointment prescribed in Paragraph 1 or 4 of the preceding Article, it is permissible to elect substitutes of Regular Member Governors or Regular Member Auditors in the event a vacancy occurs in the positions of Regular Member Governors or Regular Member Auditors.

2. When implementing the appointment prescribed in Paragraph 2 of the preceding Article, it is permissible to appoint substitutes of Public Governors in the event a vacancy occurs in a

Public Governor position.

**(Appointment of Chairman and Vice-Chairman)**

**Article 35** Regular Members shall appoint one Representative Governor by a resolution of the Board of Governors from among Regular Member Governors, Public Governors, or Standing Governors and such Representative Governor shall act as Chairman.

2. The Chairman may appoint a few Vice-Chairmen from among the Regular Member Governors with the consent of the Board of Governors.

**(Appointment of Senior Managing Director and Managing Directors)**

**Article 36** The Board of Governors may appoint a Senior Managing Director and Managing Directors from among Standing Governors by its resolution; provided, however, that the number of Senior Managing Directors and the number of Managing Directors shall be limited to one and up to two, respectively.

2. The Senior Managing Director and the Managing Director(s) in the preceding paragraph shall serve as Operational Directors prescribed in Article 91, Paragraph 1, Item (2) of the Act on General Incorporated Associations and General Incorporated Foundations.

**(Duties of Managing Officials)**

**Article 37** The Chairman shall represent the Association, exercise general control over the business of the Association, and act as Chairman at the General Assembly of Members and the Board of Governors. However, when the Chairman is absent or has an accident, the Vice-Chairman, the Senior Managing Director or the Managing Director(s) shall act as Chairman at the General Assembly of Members and the Board of Governors in the order predetermined by the Board of Governors.

2. The Vice-Chairman shall assist the Chairman.

3. The Senior Managing Director shall assist the Chairman and the Vice-Chairman and operate the business of the Association.

4. The Managing Director(s) shall assist the Senior Managing Director and share the operation of the business of the Association.

**(Duties of Auditor)**

**Article 38** Auditors shall audit the business and accounting of the Association.

2. Auditors may at any time ask the Governors and employees to report the business, or investigate the business and financial condition of the Association.

3. Auditors shall audit the account documents and business reports submitted to the General Assembly of Members by the Association and report their opinions at the General Assembly of Members.

4. Auditors may attend meetings of the Board of Governors and state their opinions thereat.

**(Term of Office of Managing Officials, etc.)**

**Article 39** Regular Member Governors and Standing Governors shall hold office until the conclusion of the General Assembly of Members that is held in the latest business year to be closed within one year from their appointment, and Regular Member Auditor shall hold office until the conclusion of the Ordinary General Assembly of Members that is held in the latest business year to be closed within two years from their appointment: provided, however, that succeeding Regular Member Governors under the provision of Article 42, Paragraph 1, succeeding Standing Governors under the provision of Article 42, Paragraph 3, and succeeding Regular Member Auditors under the provision of Article 42, Paragraph 4 shall hold office until the expiration of their predecessors' term of office.

2. Public Governors shall hold office until the conclusion of the General Assembly of Members that is held in the latest business year to be closed within two years from their appointment; provided, however, that succeeding Public Governors under the provision of Article 42, Paragraph 2 shall hold office until the expiration of their predecessors' term of office.

**(Dismissal of Managing Officials)**

**Article 40** The Association may dismiss any of its managing officials by a resolution of the General Assembly of Members.

**(Obligation of Former Managing Officials)**

**Article 41** When the term of office of managing officials expires or all the officers have resigned, the managing officials shall continue to perform their duties until their successors assume office.

**(Vacancy in Office)**

**Article 42** When a vacancy has occurred in the office of a Regular Member Governor, measures prescribed in the relevant Items below shall be taken depending on the category set forth in each Item below:

- (1) If there is a substitute of Regular Member Governor under the provision of Article 34, Paragraph 1, such substitute of Regular Member Governor shall assume the office of Regular Member Governor.
- (2) If there is no substitute of Regular Member Governor under the provision of Article 34, Paragraph 1, a successor shall be appointed without delay pursuant to the provision of Article 33, Paragraph 1; provided, however, that this shall not apply if there is only one vacancy.

2. When a vacancy has occurred in the office of Public Governor and if there is a substitute of Public Governor under the provision of Article 34, Paragraph 2, such substitute of Public Governor shall assume the office of Public Governor. If there is no substitute of

Public Governor, a successor shall be appointed without delay pursuant to the provision of Article 33, Paragraph 2.

3. When a vacancy has occurred in the office of Standing Governor, a successor may be appointed pursuant to the provision of Article 33, Paragraph 3.

4. When a vacancy has occurred in the office of a Regular Member Auditor, measures prescribed in the relevant Items below shall be taken depending on the category set forth in each Item below:

- (1) If there is a substitute of Regular Member Auditor under the provision of Article 34, Paragraph 1, such substitute of Regular Member Auditor shall assume the office of Regular Member Auditor.
- (2) If there is no substitute of Regular Member Auditor under the provision of Article 34, Paragraph 1, a successor shall be appointed without delay pursuant to the provision of Article 33, Paragraph 4; provided, however, that this shall not apply if there is only one vacancy.

**(Remuneration [or the Like] of Managing Officials)**

**Article 43** Regular Member Governors and Regular Member Auditors shall receive no remuneration.

2 Remuneration (or the like) can be paid to Public Governors and Standing Governors, and the amount of the remuneration (or the like) shall be calculated according to the remuneration (or the like) detailed in payment regulations determined by a resolution of the General Assembly of Members.

**SECTION 2. BOARD OF GOVERNORS**

**(Composition and Power of the Board of Governors)**

**Article 44** The Board of Governors shall be composed of Governors.

2. The Board of Governors shall resolve the matters prescribed by the Articles of Association and the important matters concerning the business operation of the Association, and supervise the operation of the business by the Governors.

**(Convocation of the Board of Governors)**

**Article 45** There are two types of meetings of the Board of Governors: ordinary meetings of the Board of Governors and extraordinary meetings of the Board of Governors.

2. Ordinary meetings of the Board of Governors shall be held on the date and at the time previously designated by the Chairman with the consent of the Board of Governors; provided, however, that the Chairman may change such date and time of the meeting or may cancel the meeting.

3. Extraordinary meetings of the Board of Governors shall be convened by the Chairman

whenever necessary; provided, however, that when the convocation of a meeting is requested by Governors with a written agenda for the convocation, the Chairman shall convene the meeting without delay.

4. Notwithstanding the provisions of the preceding two paragraphs, when the Chairman is absent or has an accident, each Director shall convene ordinary meetings and extraordinary meetings of the Board of Governors.

**(Quorum)**

**Article 46** The proceedings of a Board of Governors may not be commenced and resolutions may not be made unless a majority of the Governors who can participate in voting are present.

**(Resolution Method)**

**Article 47** Unless otherwise prescribed in the Articles of Association, a resolution of the Board of Governors shall be adopted with the affirmative vote of a majority of all the Governors present.

2. Each Regular Member Governor, Public Governor, and Standing Governor shall have one vote.

3. In the event that a Governor has a special interest in an agenda at a meeting of the Board of Governors, such Governor shall have no vote with respect to such agenda.

**(Paper Meetings, etc., of the Board of Governors)**

**Article 48** In the event that a Governor proposes a matter that is subject to a resolution of the Board of Governors, and if all the Governors (limited to those who can participate in voting of such matter) agree to it and no Auditor raises an objection, such proposed matter may be passed.

2. The agreement prescribed in the preceding Paragraph shall be made in writing

**(Minutes)**

**Article 49** Minutes shall be prepared to record a summary of the proceedings and results of the Board of Governors, and the Representative Governor and Auditors present shall sign, or affix their names and seals on the minutes.

2. With respect to the minutes of paper meetings, etc., of the Board of Governors set forth in Paragraph 1 of the preceding Article, documents in which a confirmation has been obtained with respect to the matters on the relevant meeting's agenda prescribed in the same Paragraph may substitute for the minutes.

**SECTION 3. COMMITTEES**

**(Committees)**

**Article 50** The Association may establish a committee by a resolution of the Board of Governors if it deems necessary for the business set forth in each Item of Article 8.

- 2. A committee may state its opinions to the Board of Governors on matters for which the committee is responsible.
- 3. Matters necessary for the composition and operation of a committee shall be prescribed in the “Committee Rules”.

**SECTION 4. ADVISORS**

**(Advisors)**

**Article 51** The Association may have Advisers.

- 2. Chairman shall appoint the Advisers with the consent of the Board of Governors.
- 3. Advisers may state their opinions to the Chairman on the operation of the Association.
- 4. The term of office of Advisers shall be determined by the Chairman with the consent of the Board of Governors.

**SECTION 5. SECRETARIAT**

**(Secretariat)**

**Article 52** The Association shall establish a Secretariat to conduct its business.

- 2. Necessary matters concerning the Secretariat shall be determined by the Chairman.

**CHAPTER IV ACCOUNTING**

**(Business Year and Accounting)**

**Article 53** The business year of the Association shall be from April 1 until March 31 of the following year.

- 2. The Association shall have one account. However, special accounts may be set up whenever necessary.

**(Management of Assets)**

**Article 54** The assets of the Association shall be managed by the Chairman pursuant to a resolution of the Board of Governors.

**(business plan and budget Approval)**

**Article 55** Approval for the Association’s business plan and budget shall be obtained from the Board of Governors by the day preceding the beginning of each business year. This shall also apply to any change in them.

2. The business plan and the budget prescribed in the preceding paragraph shall be reported to the immediate ordinary General Assembly of Members.

**(Accounting Rules)**

**Article 56** Any matters that are necessary for the budget, account results, and other accounting matters of the Association shall be prescribed in “the Accounting Rules”.

**CHAPTER V FUND**

**(Subscription of Fund)**

**Article 57** The Association may offer, for subscription of persons who contribute, the fund prescribed in Article 131 of the Act on General Incorporated Organization (hereinafter referred to as “Contributors”) by a resolution of the Board of Governors.

**(Rights of Contributors of the Fund)**

**Article 58** The Contributors of the fund may receive all or part of the fund pursuant to the agreement on the reimbursement of the fund with the Association and under the reimbursement procedure of the fund prescribed in the next Article.

2. The Contributors of the fund may not assign, pledge, or entrust the rights of the Contributor of the fund for the Association to other person(s).

**(Reimbursement Procedure of the Fund)**

**Article 59** In the event that the Association reimburses the fund pursuant to the provision of the preceding Article, Paragraph 1, it shall be made pursuant to a resolution of an Ordinary General Assembly of Regular Members and under the provision of Article 141, Paragraph 2 of the Act on General Incorporated Organizations.

2. Procedures of reimbursement of the fund shall be determined by a resolution of the Board of Governors.

**(Reserve for Substitute Fund)**

**Article 60** In the event that the fund is reimbursed pursuant to the preceding Article, Paragraph 1, the amount equivalent to the reimbursed fund shall be reserved as a substitute fund, and such substitute fund cannot be broken down.

**CHAPTER VI DISSOLUTION**

**(Dissolution)**

**Article 61** The Association may be dissolved by a resolution of the General Assembly of Members.

**(Residual Property)**

**Article 62** Residual property at the time of liquidation of the Association shall, after a resolution of the General Assembly of Members, be donated to the juridical persons or the national or local governments listed in Article 5, Item (17) of the Act on Authorization of Public Interest Incorporated Associations and Public Interest Incorporated Foundation.

2. Retained earnings of the Association shall not be distributed.

**CHAPTER VII MISCELLANEOUS PROVISIONS**

**(Method of Public Announcement)**

**Article 63** Public announcements made by the Association shall be placed in official gazettes.

**(Confidentiality, etc.)**

**Article 64** Persons who are or have been managing officials, committee members, or employees of the Association or those who were in such office shall not leak or illegally use secret information that is/was obtained during the course of performing their duties, and shall not use information obtained during the course of their duties for any purpose other than the business of the Association.

**(Interpretation of the Articles of Association, etc.)**

**Article 65** Where there is a doubt with respect to the interpretation of the Articles of Association, the regulations and the detailed rules thereunder, as well as the resolutions made at the General Assembly of Members and the Board of Governors, the Board of Governors shall determine such interpretation.

**SUPPLEMENTARY PROVISION 【Omitted】**

(Note 1) This rule is based on the April 1, 2016 edition of the original Japanese text.

(Note 2) This translation is solely for the convenience of those interested therein, and accordingly all questions that may arise with regard to the meaning of the words or expressions herein shall be dealt with in accordance with the original Japanese text.