

(Translation)

This is an unofficial translation of the Articles of Incorporation of Japanese Banks' Payment Clearing Network. Only the original Japanese text has legal effect, and this translation is to be used solely as a reference material to aid in the understanding of the Japanese text.

Articles of Incorporation of Japanese Banks' Payment Clearing Network

Chapter 1 General Provisions

Article 1 (Name)

The name of the Association shall be Japanese Banks' Payment Clearing Network (Japanese name: Ippan-shadan-hojin Zenkoku Ginko Shikin Kessai Nettowa-ku).

Article 2 (Office)

The Association shall have its principal office at Chiyoda-ku, Tokyo.

Chapter 2 Purpose and Business

Article 3 (Purpose)

The purpose of the Association shall be to implement smooth, safe and efficient fund settlements between financial institutions, which are a foundation of society, and business operations related thereto, and establish a reliable financial infrastructure to enhance user protection and convenience, and thereby contribute to raise the stability and standard of living of Japanese citizens.

Article 4 (Business)

The Association shall engage in the funds clearing business as defined in the "Payment Services Act" (Act No. 59 of 2009; hereinafter referred to as the "Act") and business operations related thereto, as well as other business operations approved by the competent minister pursuant to Article 69 of the Act, in order to accomplish the purpose described in the preceding Article.

Chapter 3 Membership

Article 5 (Constituent Members of the Association)

The Association shall be comprised of organizations or entities endorsing the purpose and business of the Association and which have become members of the Association pursuant to the provisions of the following Article.

Article 6 (Acquisition of Membership Qualification)

A party seeking to become a member of the Association shall submit an application pursuant to the provisions of the board of directors and obtain the board of directors' approval.

Article 7 (Burden of Expenses, etc.)

A member shall be obliged to pay the joining fee and expenses, etc., separately specified by the general meeting of members.

Article 8 (Voluntary Resignation)

A member may resign voluntarily at any time by submitting the notice of resignation separately specified by the board of directors.

Article 9 (Expulsion)

(1) A member may be expelled by resolution of the general meeting of members if such member:

- (i) Violates the Articles of Incorporation or other regulations set forth by the Association;
- (ii) Damages the reputation of or engages in any act against the purpose of the Association; or
- (iii) Has any other justifiable reason for expulsion.

(2) If a resolution under the preceding Paragraph is to be made, the Association must provide such member with an opportunity for providing an explanation at a general meeting of members.

Article 10 (Loss of Membership Qualification)

In addition to the preceding two Articles, a member shall lose membership qualification if:

- (i) Such member fails to fulfill the payment obligations provided for in Article 7 for a period of two years or more;
- (ii) All members consent thereto; or
- (iii) Such member is dissolved.

Chapter 4 General Meeting of Members

Article 11 (Composition)

The general meeting of members shall be comprised of all members.

Article 12 (Authority)

The general meeting of members shall make resolutions on the following matters:

- (i) Expulsion of members;
- (ii) Election or dismissal of directors and inspectors, as well as accounting auditor;
- (iii) Total amount of directors' and inspectors' compensation, etc.;
- (iv) Approval of balance sheets and statements of income (statements of changes in net worth), as well as supplementary schedules thereto;
- (v) Business plans and income and expenditures budget;
- (vi) Partial exemption and limitation of liability of officers, etc.;
- (vii) Amendment of articles of incorporation;
- (viii) Borrowing of long-term loans;
- (ix) Dissolution and disposal of residual assets, assignment of business in whole and abolition of funds clearing business;
- (x) Matters for which resolution was made by the board of directors as matters to be discussed at a general meeting; and
- (xi) Other matters provided for in laws and regulations or the Articles of Incorporation as matters to be resolved by the general meeting of members.

Article 13 (Holding)

A general meeting of members shall be held once within three months after the end of each business year as a regular general meeting of members, as well as in March and whenever necessary.

Article 14 (Convocation)

- (1) Unless otherwise provided for in laws and regulations, a general meeting of members shall be convened by the senior managing director based on resolution of the board of directors. If the senior managing director is unable to so act due to an accident, etc., the director determined in advance by the board of directors shall convene the general meeting of members.
- (2) Members holding one-fifth or more of the voting rights of all members may request

convocation of a general meeting of members by presenting the senior managing director with the matters that are the purpose of the general meeting of members and the reasons for convocation thereof.

Article 15 (Chairperson)

The chairperson of a general meeting of members shall be the senior managing director. If the senior managing director is unable to so act due to an accident, etc., the chairperson shall be selected from among the directors present at that general meeting of members.

Article 16 (Voting Rights)

Voting rights at a general meeting of members shall be one per member; provided, however, that a member who has a special interest in the matters to be resolved may not participate in that vote.

Article 17 (Resolution)

- (1) Unless otherwise provided for in laws and regulations or the Articles of Incorporation, a resolution of the general meeting of members shall be made in the presence of members holding a majority of voting rights of all members and by a majority of the voting rights of the members present.
- (2) Notwithstanding the provisions of the preceding Paragraph, the following resolutions shall be made by half or more of the number of all members and by a majority of at least two-thirds of the voting rights of all members.
 - (i) Expulsion of members;
 - (ii) Dismissal of inspectors;
 - (iii) Partial exemption and limitation of liability of officers, etc.;
 - (iv) Amendment of articles of incorporation;
 - (v) Dissolution, assignment of business in whole and abolition of funds clearing business; and
 - (vi) Other matters provided for in laws and regulations.
- (3) Upon making a resolution on proposals for the election of directors or inspectors, the resolution provided for in Paragraph (1) must be made for each and every candidate. If the total number of director or inspector candidates exceeds the fixed number provided for in Article 20, persons shall be elected from among the candidates that obtained a majority of affirmative votes in descending order of the number of voting rights obtained until the number of persons to be elected reaches the fixed number.

Article 18 (Proxy Voting and Exercise of Voting Rights in Writing)

- (1) A member may exercise voting rights by proxy. In this case, such member or proxy shall submit a document certifying such power of representation to the Association.
- (2) The exercise of voting rights in writing shall be performed by entering the necessary matters on a voting card and then submitting the completed voting card to the Association by the time business operations end on the business day preceding the date of holding of the general meeting of members.
- (3) The exercise of voting rights by electromagnetic means shall be performed by presenting the type and content of the electromagnetic means and obtaining the consent of the Association in writing or by electromagnetic means, and then submitting the matters to be entered on the voting card to the Association by electromagnetic means by the time business operations end on the business day preceding the date of holding of the general meeting of members.

Article 19 (Minutes)

- (1) Minutes concerning the proceedings of a general meeting of members shall be prepared pursuant to the provisions of laws and regulations.
- (2) The chairperson and one or more persons designated by the chairperson from among the persons present as persons who are to sign the minutes shall affix their names and seals on the minutes referred to in the preceding Paragraph.

Chapter 5 Officers and Accounting Auditor

Article 20 (Appointment of Officers and Accounting Auditor)

- (1) The Association shall have the following officers.
 - (i) Directors: Three or more persons, but no more than fifteen persons
 - (ii) Inspectors: No more than three persons
- (2) Of the directors, one person shall be the senior managing director.
- (3) The senior managing director provided for in the preceding Paragraph shall be the representative director under the “Act on General Incorporated Associations and General Incorporated Foundations” (hereinafter referred to as the “General Incorporated Associations/Foundations Act”).
- (4) The Association shall have one accounting auditor.

Article 21 (Election of Officers and Accounting Auditor)

- (1) Directors and inspectors, as well as the accounting auditor, shall be elected by resolution of the general meeting of members.
- (2) The senior managing director shall be appointed from among the directors by resolution of the board of directors.

Article 22 (Duties and Authority of Directors)

- (1) Directors shall form a board of directors, and execute duties pursuant to the provisions of laws and regulations and the Articles of Incorporation.
- (2) The senior managing director shall represent the Association and execute business operations thereof pursuant to the provisions of laws and regulations and the Articles of Incorporation.

Article 23 (Duties and Authority of Inspectors)

- (1) Inspectors shall audit the execution of duties by directors, and prepare audit reports pursuant to the provisions of laws and regulations.
- (2) Inspectors may, at any time, investigate the status of business operations and assets of the Association by requesting reports on business from directors and employees.

Article 24 (Duties and Authority of Accounting Auditor)

- (1) The accounting auditor shall audit the balance sheets and income statements (statements of changes in net worth), as well as supplementary schedules thereto, of the Association and prepare accounting audit reports pursuant to the provisions of laws and regulations.
- (2) The accounting auditor may, at any time, inspect and copy the following items or request reports on accounting from directors and employees.
 - (i) If accounting books or materials related thereto are prepared in writing, such documents
 - (ii) If accounting books or materials related thereto are prepared in the form of electromagnetic records, the matters recorded in such electromagnetic records presented in the manner provided for in laws and regulations

Article 25 (Term of Office of Officers and Accounting Auditor)

- (1) The term of office of directors shall continue until the conclusion of the regular general meeting of members for the last business year that ends within one year after their election.
- (2) The term of office of inspectors shall continue until the conclusion of the regular

general meeting of members for the last business year that ends within two years after their election.

- (3) The term of office of directors or inspectors elected as substitutes shall continue until the expiration of the term of office of the predecessor.
- (4) If the number of directors or inspectors falls short of the fixed number provided for in Article 20, directors or inspectors shall continue to have rights and obligations as directors or inspectors even after retiring from office due to expiration of their term of office or resignation until newly-elected persons assume office.
- (5) The term of office of the accounting auditor shall continue until the conclusion of the regular general meeting of members for the last business year that ends within one year after such accounting auditor's election; provided, however, that, unless otherwise resolved at such regular general meeting of members, the accounting auditor shall be deemed to have been reappointed.

Article 26 (Dismissal of Officers and Accounting Auditor)

- (1) Officers and the accounting auditor may be dismissed by resolution of the general meeting of members.
- (2) If the accounting auditor falls under any of the following, inspectors may dismiss such accounting auditor with the consent of all inspectors. In this case, inspectors shall report the dismissal and the reasons for the dismissal at the first general meeting of members convened after such dismissal.
 - (i) In the event of breach of obligations in the course of duties or neglect of duties;
 - (ii) In the event of conduct that is inappropriate as an accounting auditor; or
 - (iii) In the event of difficulty or inability in the execution of duties due to mental or physical disorder.

Article 27 (Exemption from Liability)

- (1) Directors and inspectors, as well as the accounting auditor, may not be granted exemption from liability to the Association without the consent of all members.
- (2) Notwithstanding the provisions of the preceding Paragraph, if officers' and the accounting auditor's liability for damages provided for in Article 111, Paragraph (1) of the General Incorporated Associations/Foundations Act satisfies the requirements provided for in laws and regulations, the Association may, by resolution of the board of directors, grant exemption from liability within the limit of the amount calculated by deducting the minimum liability amount provided for in laws and regulations from the amount of liability for damages.

(3) If liability for damages provided for in Article 111, Paragraph (1) of the General Incorporated Associations/Foundations Act satisfies the requirements provided for in laws and regulations, the Association may enter into an agreement with outside officers and the accounting auditor to limit liability for damages; provided, however, that the maximum amount of liability for damages based on such agreement shall be the minimum liability amount provided for in laws and regulations.

Article 28 (Compensation, etc.)

(1) As compensation, etc., directors may be paid an amount calculated in accordance with the criteria for payment of compensation, etc., separately stipulated by the board of directors within the scope of the total amount stipulated by the general meeting of members.

(2) Inspectors may be paid an amount calculated in accordance with the criteria for payment of compensation, etc., separately stipulated by the general meeting of members within the scope of the total amount stipulated by the general meeting of members.

(3) Compensation, etc., for the accounting auditor shall be stipulated by the board of directors with the consent of the majority of inspectors.

Chapter 6 Board of Directors

Article 29 (Composition)

(1) The Association shall have a board of directors.

(2) The board of directors shall be comprised of all directors.

Article 30 (Authority)

(1) The board of directors shall execute the following duties:

- (i) Determination of the execution of business operations of the Association;
- (ii) Supervision of the execution of duties by directors;
- (iii) Election and dismissal of the senior managing director;
- (iv) Determination of the necessary matters for establishment and operation of the committees provided for in Article 35;
- (v) Determination of fund subscription requirements;
- (vi) Establishment and revision of statements of operational procedures;
- (vii) Approval of acquisition and loss of qualification as a member bank provided for in statements of operational procedures, and approval of acquisition of clearing

- participant qualification;
 - (viii) Determination of other important matters concerning operation of the domestic funds transfer system; and
 - (ix) Other duties separately provided for in the Articles of Incorporation.
- (2) The board of directors may delegate the duties referred to in the preceding Article to the senior managing director if the board of directors finds it necessary, except for matters for which there are laws and regulations providing that such may not be delegated.

Article 31 (Convocation)

A meeting of the board of directors shall be convened by the senior managing director. If the senior managing director is unable to so act due to an accident, etc., the director designated in advance by the board of directors shall convene the meeting of the board of directors.

Article 32 (Chairperson)

The chairperson of a meeting of the board of directors shall be the senior managing director. If the senior managing director is unable to so act due to an accident, etc., the chairperson shall be selected from among the directors present at that meeting of the board of directors.

Article 33 (Resolution)

- (1) A resolution of the board of directors shall be made in the presence of a majority of directors, except directors who have a special interest in the resolution, and by a majority of the directors present.
- (2) Notwithstanding the provisions of the preceding Paragraph, if the requirements provided for in Article 96 of the General Incorporated Associations/Foundations Act are satisfied, a resolution of the board of directors shall be deemed to have been made.

Article 34 (Minutes)

- (1) Minutes concerning the proceedings of a meeting of the board of directors shall be prepared pursuant to the provisions of laws and regulations.
- (2) The representative director and the inspectors present shall affix their names and seals on the minutes referred to in the preceding Paragraph.

Chapter 7 Committee, etc.

Article 35 (Committee, etc.)

- (1) The board of directors may establish a committee, etc., by resolution of the board of directors if the board of directors finds it necessary for promoting the business of the Association.
- (2) The members of the committee, etc., shall be elected by the board of directors.
- (3) The necessary matters concerning duties, composition and operation of the committee, etc., shall be separately stipulated by resolution of the board of directors.

Chapter 8 Accounting

Article 36 (Funds)

- (1) The Association may solicit parties to subscribe for funds.
- (2) At least 500,000,000 yen shall be reserved as funds.
- (3) The funds contributed shall not be returned until dissolution of the Association.
- (4) With regard to the procedures for return of funds, pursuant to the provisions of Article 236 of the General Incorporated Associations/Foundations Act, the place and method of return of funds, as well as other necessary matters, shall be separately stipulated by the liquidator.

Article 37 (Business Year)

The business year of the Association shall start on April 1 of each year and end on March 31 of the following year.

Article 38 (Business Plan and Income and Expenditures Budget)

- (1) A business plan and income and expenditures budget of the Association shall be prepared by the senior managing director, subject to resolution of the board of directors and subject to approval of the general meeting of members by the business day preceding the date of commencement of each business year. The same shall apply in the case of amendment of the business plan or income and expenditures budget.
- (2) The documents referred to in the preceding Paragraph shall be kept at the principal office and secondary offices during the period until the end of the relevant business year.

Article 39 (Business Report and Settlement of Accounts)

- (1) The following documents on the business report and settlement of accounts of the Association shall be prepared by the senior managing director and audited by inspectors after the end of each business year and the documents from Items (iii) through (v) shall also be audited by the accounting auditor, after which the approval of the board of directors must be obtained.
 - (i) Business reports;
 - (ii) Supplementary schedules to business reports;
 - (iii) Balance sheets;
 - (iv) Income statements (statements of changes in net worth); and
 - (v) Supplementary schedules to balance sheets and income statements (statements of changes in net worth).
- (2) Of the documents approved in the preceding Paragraph, the documents listed in Items (i), (iii) and (iv) shall be reported to the regular general meeting of members; provided, however, that, if the requirements provided for in Article 48 of the General Incorporated Associations/Foundations Act are not satisfied, approval of the regular general meeting of members must be obtained in lieu of reporting to the regular general meeting of members, except for the documents listed in Item (i).
- (3) In addition to the documents listed in Paragraph (1), the following documents shall be kept at the principal office for a period of five years, and the articles of incorporation and register of members shall be kept at the principal office:
 - (i) Audit reports; and
 - (ii) Accounting audit reports.

Article 40 (Retained Earnings)

- (1) The Association cannot make a distribution of retained earnings.
- (2) If the Association has retained earnings, the retained earnings shall be brought forward to the following business year and treated as income of the following business year.

Article 41 (Accounting Rules)

Other than those provided for in the Articles of Incorporation, necessary rules on accounting shall be separately stipulated by resolution of the board of directors.

Chapter 9 Amendment of Articles of Incorporation and Dissolution

Article 42 (Amendment of Articles of Incorporation)

The Articles of Incorporation may be amended by resolution of the general meeting of members.

Article 43 (Dissolution)

- (1) The Association shall be dissolved by resolution of the general meeting of members or on other grounds provided for in laws and regulations.
- (2) The residual assets in the event of liquidation of the Association shall, by resolution of the general meeting of members, be donated to the entities listed in Article 5, Item (xvii) of the “Act on Authorization of Public Interest Incorporated Associations and Public Interest Incorporated Foundation” or the national government or local governments.

Chapter 10 Method of Public Notice

Article 44 (Method of Public Notice)

Public notice of the Association shall be given by electronic notice; provided, however, that in cases where the public notice cannot be given by electronic means due to accident or other unavoidable causes, such public notice shall be given by publication in the Official Gazette.

Chapter 11 Secretariat

Article 45 (Establishment, etc.)

- (1) A secretariat shall be established to manage the affairs of the Association.
- (2) The necessary matters on the organization and operation of the secretariat shall be separately stipulated by the senior managing director by resolution of the board of directors.

Chapter 12 Supplementary Provisions

Article 46 (Delegation)

The necessary matters for operation of the Association, other than those provided for in the Articles of Incorporation, shall be separately stipulated by resolution of the board of directors.

Article 47 (First Business Year)

The first business year after establishment of the Association shall be from the date of formation of the Association until March 31, 2011.

Article 48 (Officers, etc., at Time of Establishment)

The officers and the accounting auditor at the time of establishment of the Association are as follows:

Director at time of establishment	Satoru Nishibori
"	Katsunori Nagayasu
"	Masayuki Oku
"	Naoki Iwata
"	Tadashi Ogawa
"	Koji Morita
"	Masaaki Tani
"	Kinya Okauchi
"	Nobuo Kojima
"	Tetsu Saito
Representative director at time of establishment	Tetsu Saito
Inspector at time of establishment	Yoshimitsu Aoyama
"	Koshi Wada
Accounting auditor at time of establishment	Ernst & Young ShinNihon LLC

Article 49 (Name and Address of Members at Time of Establishment)

The names and addresses of members at the time of establishment of the Association are as follows:

Members at time of establishment	1	Address:	3-1 Marunouchi, 1-chome, Chiyoda-ku, Tokyo
		Name:	Japanese Bankers Association
	2	Address:	3-1 Marunouchi, 1-chome, Chiyoda-ku, Tokyo
		Name:	Tokyo Bankers Association

Article 50 (Business Plan and Budget for First Business Year after Establishment)

The business plan and budget for the first business year after establishment of the Association shall be determined by a majority vote of the members at the time of establishment.

Article 51 (Governing Laws and Regulations)

Any and all matters that are not provided for in the Articles of Incorporation shall be governed by the General Incorporated Associations/Foundations Act, the Act and other laws and regulations.

End