

**ARTICLES OF ASSOCIATION
OF
JASRAC**

**Japanese Society for Rights
of
Authors, Composers and Publishers**

(Effective from April 1, 2010)

Articles of Association of Japanese Society for Rights of Authors, Composers and Publishers

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Chapter 1. General Rules

Article 1 (Name)

The name of the Society shall be “Ippan Shadan Hojin Nihon Ongaku Chosakuken Kyokai.” The English name shall be Japanese Society for Rights of Authors, Composers and Publishers (abbreviated as JASRAC).

Article 2 (Office)

The Society shall have its principal office in Shibuya Ward, Tokyo.

Chapter 2. Objectives and Activities

Article 3 (Objectives)

The Society shall have as its objectives the protection of copyright of musical works as well as to strive to achieve smooth utilization of musical works, ultimately to contribute to the dissemination and development of musical culture.

Article 4 (Activities)

Section 1. The Society shall engage in the following activities in order to achieve the objectives in the preceding Article hereof:

- 1) Management activities regarding the copyright of musical works.
- 2) Contact and mutual protection of copyright with foreign copyright management organizations regarding the copyright of musical works.
- 3) Management activities regarding the copyright of works other than musical works (excluding novels and scripts) when specially entrusted to do so.
- 4) Activities regarding the remuneration for private audio and video recordings.
- 5) Activities regarding the dissemination of the concept of copyright, and research and study regarding the copyright of musical works.
- 6) Activities contributing to the promotion of musical culture.
- 7) Activities regarding the welfare of members.
- 8) Activities apart from those mentioned in the preceding seven items which are necessary to achieve the objectives stated in the preceding Article.

Section 2. Activities listed in the preceding Section shall be conducted in Japan and overseas; provided, however, that the activity stated in item 7 of the preceding Section shall only be conducted in Japan.

Chapter 3. Membership

Article 5 (Types of Membership)

Section 1. The membership of the Society shall be of two types; Full Members and Associate Members.

Section 2. Full Members shall be “members” as stipulated under the Act on General Incorporated Associations and General Incorporated Foundations (hereinafter referred to as “Incorporated Associations Act”).

Article 6 (Qualifications for Membership)

Section 1. The following persons shall be Associate Members:

- 1) Persons who have concluded a management consignment contract (meaning a trust contract under Article 2, Section 1, item 1 of the Law on Management Business of Copyright and Neighboring Rights; same hereinafter) with the Society, who agree with the objectives stated in Article 3 hereof and who have joined the Society after completing the procedures stipulated in the following Article.
- 2) Persons who are successors to the position of Trustor under the management consignment contract (in case of multiple successors, their representative) who agree with the objectives stated in Article 3 hereof, and who have joined the Society after completing the procedures stipulated in the following Article.

Section 2. The following persons shall be Full Members:

- 1) Persons who have been Associate Members for more than three years (limited to those who have joined the Society under items 1 and 2 in Article 7, Section 2) and who make an application for the acquisition of Full Membership in accordance with the rules stipulated separately by the Board of Directors and receive the approval of the Board of Directors.
- 2) Corporations which have succeeded the position of Trustor under the management consignment contract from a corporation due to the merger or demerger of such corporation which is a Full Member of the Society, and which make an application for the acquisition of Full Membership in accordance with the rules stipulated separately by the Board of Directors and receive the approval of the Board of Directors.

Section 2. Notwithstanding the stipulations of the preceding Section, the following persons may not become Full Members:

- 1) Adult wards.
- 2) Persons under curatorship.
- 3) Minors.
- 4) Bankrupts.
- 5) Employees of the Society.

Article 7 (Acquisition of Membership)

Section 1. Persons who wish to join Society must make an application for membership, attaching materials to the membership application form, in accordance with the rules stipulated separately by the Board of Directors.

Section 2. The application stated in the preceding Section shall be made under one of the following classifications:

- 1) Writer (meaning an author or composer).
- 2) Music publisher (meaning an entity which, as a copyright holder, utilizes musical works for publication, by recording master recordings, or by other methods, and which conducts as its business the promotion of the use of such copyrighted works; the same shall apply in Article 26 hereof).
- 3) Successor (meaning a person who is a successor to the position of Trustor under the management consignment contract).
- 4) Copyright holder apart from those listed in the preceding three items.

Section 3. The Board of Directors shall, when receiving an application in accordance with Section 1 of this Article, conduct a screening as to whether the application fulfills the requirements for the acquisition of Associate Membership in accordance with the rules stipulated separately by the Board of Directors.

Section 4. Persons accepted as fulfilling the requirements for the acquisition of Associate Membership as a result of the screening in the preceding Section may become Associate Members upon payment of the enrollment fee in accordance with the rules stipulated separately by the Board of Directors.

Article 8 (Enrollment Fee)

Section 1. The enrollment fee is allocated to funds for the acquisition of property regarding the activities in Article 4, Section 1 hereof and improvements thereof.

Section 2. Enrollment fees once paid shall not be refunded for any reason whatsoever.

Article 9 (Member Representatives)

When a corporation or other organization becomes a Full Member, one person must be appointed as the member representative (meaning a person who exercises the rights of a Full Member as a representative of such organization; same hereinafter) among the executive officers of such organization, and notification thereof must be given to the Society. The Society must also be notified of any changes regarding such member representative.

Article 10 (Member List and Notification, etc. to Members)

Section 1. The Society shall draft a list of members which states or records the name and address of its members and shall maintain such list at its principal office.

Section 2. Notifications and demands made to members by the Society shall be sent to the address of such member stated or recorded in the list of members (when such member notifies the Society of a different place or contact address for receiving notices or demands, such place or contact).

Section 3. When the notification or demand in the preceding Section fails to reach the member for five consecutive years or more, the Society shall not be required to send notifications or demands to such member. In such case, the place for the execution of obligations of the Society towards such member shall be the principal office of the Society.

Article 11 (Loss of Membership)

Section 1. Members shall lose their membership for the following reasons:

- 1) Withdrawal.
- 2) Termination of trust regarding the management consignment contract.
- 3) Death, in case the member is a natural person.
- 4) Dissolution, in case the member is a corporation or other organization.
- 5) In case membership fees are in arrears for two years or more.
- 6) Expulsion.

Section 2. In addition to cases in which a Full Member loses membership in accordance with the stipulations in the preceding Section, such Full Membership status shall be lost when any of the following apply:

- 1) When any of the items under Article 6, Section 3 apply.
- 2) When a Full Member offers for resignation.
- 3) When Full Membership status is revoked.

Section 3. Those losing their Full Membership status in accordance with the stipulations in the preceding Section shall naturally become Associate Members.

Article 12 (Withdrawal)

Members may withdraw at any time by submitting a withdrawal notice.

Article 13 (Expulsion and Revocation of Full Membership)

Section 1. In case any of the following apply to a Full Member, the Society may expel such member or revoke Full Membership by the resolution of the General Meeting of Members in accordance with the rules stipulated separately by the Board of Directors:

- 1) Violation of the Articles of Association or other rules.
- 2) Engagement in actions causing damage to the reputation of the Society or contrary to the objectives of the Society.
- 3) Existence of legitimate reasons for expulsion or revocation of Full Membership status other than those in the preceding two items.

Section 2. The stipulations in the preceding Section shall apply *mutatis mutandis* to the expulsion of Associate Members.

Article 14 (Member Rights)

Section 1. Members may, at any time during the business hours of the Society, make the following requests:

- 1) Request access to, or to make copies of the list of members.
- 2) Request access to financial statements, etc. (meaning financial statements, business reports and statements attached to these documents as stipulated in Article 49, Section 1 hereof; the same shall apply to the following item).
- 3) Request a copy of the financial statements, etc. or their abridged copy.

Section 2. Full Members may attend the General Meeting of Members and vote.

Section 3. Full Members possess voting rights for the election of Chairman.

Section 4. Full Members (in case of corporations or other organizations, their member representative) may be elected Director, Auditor or Chairman in accordance with the stipulations in the Articles of Association.

Article 15 (Obligation of Members)

Section 1. Members are obliged to observe the Articles of Association and other rules.

Section 2. Full Members must endeavor to attend the General Meeting of Members and exercise their voting rights and other rights so that the objectives of the Society are achieved.

Section 3. Members must pay membership fees in accordance with the rules stipulated separately by the Board of Directors.

Article 16 (Membership Fee)

Section 1. The amount of the membership fee shall be decided by the resolution of the General Meeting of Members.

Section 2. Membership fees shall be allocated to the corporate management of the Society or expenses for activities stipulated in Article 4, Section 1, item 7 hereof.

Section 3. Membership fees once paid shall not be refunded for any reason whatsoever.

Chapter 4. General Meeting of Members

Article 17 (Composition)

Section 1. The General Meeting of Members shall consist of all Full Members.

Section 2. Each Full Member shall possess one vote.

Article 18 (Authority)

Section 1. The General Meeting of Members may not make resolutions on matters other than those which are the objectives of such General Meeting of Members as stated in the document expressed in Article 19, Section 6.

Section 2. Matters which may be the objectives of the General Meeting of Members are as follows:

- 1) Election and dismissal of officers (meaning Directors and Auditors; same hereinafter) and accounting auditors.
- 2) Determination and amendment of the amount of remuneration, etc. afforded of Directors (meaning remuneration, etc. stipulated in Article 33, Section 1 hereof; the same shall apply in the following item).
- 3) Determination and amendment of the amount of remuneration, etc. afforded of Auditors.
- 4) Amendments to the Articles of Association.
- 5) Determination and amendment of the membership fee amount.
- 6) Amendment of the Stipulations for Copyright Trust Contract (meaning the Stipulations for Copyright Trust Contract comprising the rules regarding the management consignment contract).
- 7) Expulsion of members or revocation of Full Membership status.
- 8) Matters other than those in the preceding items which are stipulated in laws and regulations or in the Articles of Association as items for resolution by the General Meeting of Members.

Article 19 (Convocation)

Section 1. A regular General Meeting of Members shall be convened within three months from the end of each business year.

Section 2. Extraordinary General Meetings of Members may, if necessary, be convened at any time.

Section 3. General Meetings of Members shall be convened by the President in accordance with the resolution of the Board of Directors, unless stipulated otherwise by laws and regulations.

Section 4. Full Members constituting more than one-fifth of the total number of Full Members may jointly demand the President to convene General Meetings of Members, indicating in writing the reason for convocation and the matters which are the objectives of the General Meeting of Members.

Section 5. Unless otherwise specified by laws or regulations, the following matters

must be determined by resolution of the Board of Directors when convening a General Meeting of Members:

- 1) Date, time, and location of the General Meeting of Members.
- 2) Matters which are the objectives of the General Meeting of Members.
- 3) When Full Members who do not attend the General Meeting of Members may exercise voting rights in writing, a resolution to that effect.
- 4) Matters stipulated in laws and regulations other than the preceding three items.

Section 6. To convene a General Meeting of Members, the President must send notification thereof in writing to Full Members no later than two weeks prior to the day of the General Meeting of Members.

Section 7. The notification in the preceding Section must state the matters stipulated in each item of Section 5.

Section 8. When the matter stated in Section 5, item 3 is determined, the President must, as stipulated in laws and regulations, deliver a reference document for the General Meeting of Members (meaning a written document stating the matters which shall be of reference in exercising voting rights) to Full Members upon the notification pursuant to Section 6 hereof, and a voting form (meaning a written document for the exercise of voting rights by Full Members; same hereinafter).

Article 20 (Chairman)

Section 1. The Chairman of the General Meeting of Members shall be appointed by the President with the consent of the said General Meeting of Members among the Full Members (in case of corporations or other organizations, their member representative) in attendance at such General Meeting of Members.

Section 2. The Chairman of the General Meeting of Members shall maintain the order of such General Meeting of Members and shall organize the proceedings.

Section 3. The Chairman of the General Meeting of Members may expel those who do not comply with the orders of the Chairman or those who disrupt the order of such General Meeting of Members.

Section 4. The Society may furnish an allowance of an amount determined by the Board of Directors to the Chairman of the General Meeting of Members.

Article 21 (Resolutions)

Section 1. Resolutions of the General Meeting of Members shall be passed with a majority of Full Members in attendance and a majority of voting rights of such Full Members in attendance.

Section 2. Notwithstanding the stipulations of the preceding Section, resolutions on the following matters must be passed with a two-thirds majority of the voting rights of all Full

Members:

- 1) Amendments to the Articles of Association.
- 2) Dismissal of Auditors.
- 3) Expulsion of members or revocation of Full Membership status.
- 4) Dissolution.
- 5) Matters other than those listed in the preceding items which are stipulated in laws and regulations as resolutions requiring a two-thirds majority of the voting rights of all Full Members.

Article 22 (Exercise of Voting Rights by Proxy or in Writing)

Section 1. A Full Member may exercise voting right by proxy (limited to a Full Member or Director of the Society). In such event, such Full Member or proxy must submit a letter of proxy (meaning a document certifying the proxy right thereof) to the Society.

Section 2. When applying the provisions of the preceding Section in case the Full Member is a corporation or other organization, the provision "proxy (limited to a Full Member or Director of the Society)" in the same Section shall read "proxy (limited to an executive officer or employee other than the member representative, or a Full Member or Director of the Society)."

Section 3. The conferral of the proxy right in Section 1 must be implemented for each General Meeting of Members.

Section 4. The exercise of voting rights in writing shall be conducted by the submission of a voting form stating the necessary matters to the Society by the deadline stated in the voting form.

Section 5. The number of voting rights exercised in writing in accordance with the stipulations in the preceding Section shall be included in the number of voting rights of the Full Members in attendance.

Article 23 (Meeting Minutes)

Section 1. The proceedings of the General Meeting of Members shall be recorded in the meeting minutes drafted in accordance with laws and regulations.

Section 2. The President and a minimum of two of the Directors in attendance shall sign or sign and affix their seals to the meeting minutes stipulated in the preceding Section.

Article 24 (Devolution to Subordinate Rules)

Matters required regarding the operation of the General Meeting of Members shall, apart from those specified in laws and regulations or in the Articles of Association, be in accordance with the rules stipulated separately by the Board of Directors.

Chapter 5. Officers and Accounting Auditors

Article 25 (Appointment of Officers and Accounting Auditors)

Section 1. The Society shall appoint the following officers to the Society:

- 1) Directors: minimum of 21 and maximum of 30 persons.
- 2) Auditors: maximum of four persons.

Section 2. One of the Directors shall be the President, and a maximum of seven Directors other than the President shall be Managing Directors or Directors (executive).

Section 3. The President stipulated in the preceding Section shall be a representative director under the Incorporated Associations Act, and the Managing Director and Director (executive) stipulated in the preceding Section shall be the executive directors (meaning the directors provided for in Article 91, paragraph 1, item 2 of the Incorporated Associations Act).

Section 4. The Society shall appoint an Accounting Auditor.

Article 26 (Election of Officers and Accounting Auditor)

Section 1. Directors shall be elected by resolution of the General Meeting of Members among Full Members (in case of a corporation or other organization, the member representative; the same hereinafter in this Article) or persons with relevant knowledge and experience or employees of the Society in accordance with the following categories of qualification of eligibility for election, and the following number of Directors shall be elected by resolution of the General Meeting of Members. However, persons 75 years of age or older may not be elected:

- 1) Full Members who are authors: maximum of six persons.
- 2) Full Members who are composers: maximum of six persons.
- 3) Full Members who are music publishers: maximum of six persons.
- 4) Persons with relevant knowledge and experience or employees of the Society (referred to as “persons with relevant knowledge and experience, etc.” in Section 5): maximum of 12 persons.

Section 2. The Board of Directors, in determining the contents of the agenda regarding the election of Directors categorized under items 1 to 3 in the preceding Section, shall accept candidacies by Full Members. In such event, Full Members who receive recommendations from one-thirtieth of the total Full Membership or more may file an application for candidacy no later than six weeks prior to the day of the General Meeting of Members.

Section 3. When passing a resolution on an agenda regarding the election of Directors, the resolution stipulated in Section 1 must be passed for each candidate. In case the number of candidates exceeds the maximum stipulated for each category in the respective items of the same Section (in case an election is conducted to fill a vacancy left by the retirement of a

Director before the expiration of term or to increase the number of Directors, then the number obtained by subtracting the number of current Directors from the maximum thereof for such category; the same shall apply hereinafter in this Section), then persons shall be elected in descending order of number of votes received from those candidates who have gained a majority of votes until the maximum for such category is reached.

Section 4. The President, Managing Directors, and Directors (executive) shall be appointed among Directors by a resolution of the Board of Directors. However, persons stipulated in each of the following items may not be appointed in the categories set forth in the respective items:

- 1) President: Persons 70 years of age or older or persons already in the position of President for over five consecutive years.
- 2) Managing Directors and Directors (executive): Persons 65 years of age or older.

Section 5. Auditors shall be elected among Full Members (with the exception of persons 75 years of age or older) and persons with relevant knowledge and experience, etc. (with the exception of persons 65 years of age or older) by resolution of the General Meeting of Members in accordance with the following election qualification categories and the respective number of persons to be elected:

- 1) Full Members: maximum of two persons.
- 2) Persons with relevant knowledge and experience, etc.: maximum of two persons.

Section 6. The stipulations in Section 3 shall apply *mutatis mutandis* to the resolution in the preceding Section.

Section 7. Directors must gain consent of the Auditor (or in cases where there are multiple Auditors, a majority thereof) when submitting agendas to the General Meeting of Members regarding the election of Auditors.

Section 8. Auditors may not simultaneously hold the post of Director or Chairman.

Section 9. Employees of the Society who are elected as officers must retire from the Society before assuming office.

Section 10. Accounting Auditors shall be elected by the resolution of the General Meeting of Members among certified public accountants or auditing firms.

Section 11. Directors must gain consent of the Auditor (or in cases where there are multiple Auditors, a majority thereof) when submitting agendas to the General Meeting of Members regarding the election of Accounting Auditor.

Section 12. Matters required regarding the election of officers and Accounting Auditor shall, apart from those stipulated in laws and regulations and the Articles of Association, be in accordance with the rules stipulated separately by the Board of Directors.

Article 27 (Rights and Obligations of Directors)

Section 1. Directors shall have the following rights and obligations:

- 1) To observe laws and regulations, the Articles of Association, and resolutions of the General Meeting of Members to exercise due care of a prudent manager and to faithfully carry out their duties for the Society.
- 2) To attend the meetings of the Board of Directors and to participate in decisions on and oversight of business activities.
- 3) To attend the General Meeting of Members and, when explanation of a particular matter is requested by a Full Member, to provide the necessary explanation thereof.
- 4) To disclose at the Board of Directors meetings material facts regarding transactions in the following cases and to obtain approval therefor:
 - a) When a Director intends to perform a transaction belonging to line of business activities of the Society for the benefit of himself/herself or of a third party.
 - b) When a Director intends to perform a transaction with the Society for the benefit of himself/herself or of a third party (excluding the conclusion of a Licensing Agreement for Use of Musical Works which includes the payment of royalties for the use of musical works as stipulated in the Society's Tariffs for Use of Musical Works, or other cases where there is no possibility to prejudice the interests of the Society).
 - c) When Society guarantees the debt of a Director or otherwise intends to carry out a transaction with a person other than a Director in which there is a conflict of interest between the Society and such Director.
- 5) When facts which may cause significant damage to the Society are discovered, to promptly report such facts to the Auditor.
- 6) Other rights and obligations of Directors stipulated by laws or regulations or by the Articles of Association apart from those listed in the preceding items.

Section 2. The President shall represent the Society and execute its operations.

Section 3. Managing Directors and Directors (executive) shall, as determined by the Board of Directors, divide the responsibilities of the operations of the Society and execute same.

Section 4. The President, Managing Directors, and Directors must report the status of their execution of their duties to the Board of Directors no less than once every three months.

Article 28 (Rights and Obligations of Auditors)

Auditors shall have the following rights and obligations:

- 1) To audit the execution of duties by Directors and, as stipulated by laws and regulations, to draft audit reports.
- 2) When found to be necessary, to request a report on activities from Directors or employees or to review the status of operations and finances of the Society.
- 3) When a Director commits a wrongful act or when it is found that he/she may commit

such act, or when it is recognized that there are facts which violate laws or regulations or the Articles of Association or which involve significant fraud, to report immediately thereon to the Board of Directors.

- 4) To attend the meeting of the Board of Directors, and when found to be necessary, to give an opinion.
- 5) When found to be necessary, to request the President to convene a meeting of the Board of Directors.
- 6) To survey the documents and agenda which Directors intend to submit to the General Meeting of Members, and to report the results of such survey to the General Meeting of Members when it is found that there has been a violation of laws or regulations or the Articles of Association, or when there are facts involving significant fraud.
- 7) To attend the General Meeting of Members and, when explanation of a particular matter is requested by a Full Member, to provide the necessary explanation thereof.
- 8) When found to be necessary, to request a report from the Accounting Auditor regarding the audit thereof.
- 9) Other rights and obligations of Auditors stipulated by laws or regulations or by the Articles of Association apart from those listed in the preceding items.

Article 29 (Rights and Obligations of Accounting Auditor)

The Accounting Auditor shall have the following rights and obligations:

- 1) To audit the financial statements (meaning the financial statements stipulated in Article 49, Section 1 hereof) and the supplementary schedules thereof and to draft an accounting audit report.
- 2) To inspect and copy the account books or materials relating thereto.
- 3) To request reports regarding the accounts from Directors and employees.
- 4) Upon discovery of wrongful acts with regard to the execution of duties by a Director or material facts indicating violation of laws or regulations or the Articles of Association, to report immediately thereon to the Auditor.
- 5) Other rights and obligations of the Accounting Auditor stipulated by laws or regulations or by the Articles of Association apart from those listed in the preceding items.

Article 30 (Terms of Office of Officers and Accounting Auditors)

Section 1. The term of office of officers shall be until the conclusion of the regular General Meeting of Members regarding the final business year which ends within two years from their election.

Section 2. Notwithstanding the stipulations of the preceding Section, the term of office of officers listed in each of the following items shall be until the time specified in the

respective items:

- 1) Officers elected as replacements for officers who retired before the expiration of their term of office: until the expiration of the term of office of the retired officer.
- 2) Directors elected to increase the number of Directors: until the expiration of the term of Directors in office at the time of election.

Section 3. Officers may be reappointed. However, an Auditor who is a Full Member cannot be reappointed if he/she has already been in office for five or more consecutive years.

Section 4. In case the number of Auditors or Directors is less than that stipulated in Article 25, Section 1, item 1 hereof, officers who have retired due to the expiration of their term of office or due to resignation shall continue to have the rights and obligations of officers until the newly elected officers assume office.

Section 5. In case the position of President is vacant due to the expiration of his/her term of office or due to his/her resignation, the retiring President shall continue to have the rights and obligations of President until the newly elected President assume office.

Section 6. In case the President has an accident or in case the position of President becomes vacant (excluding cases of retirement due to the expiration of his/her term or due to his/her resignation), Managing Directors or Directors (executive) shall, in accordance with the order pre-determined by the Board of Directors, substitute the President to carry out the duties thereof (limited to the execution of business activities which do not accompany corporate representative rights).

Section 7. The term of office of Accounting Auditors shall be until the conclusion of the regular General Meeting of Members regarding the final business year which ends within one year from his/her election.

Section 8. Accounting Auditors shall be deemed to have been reappointed at the regular General Meeting of Members provided for in the preceding paragraph in case there is no resolution otherwise passed at such regular General Meeting of Members.

Article 31 (Retirement of Officer Due to Loss of Full Membership Status, etc.)

Section 1. In case an officer who is a Full Member loses his/her Full Membership status, such officer shall automatically retire.

Section 2. In case an officer who is a member representative of a corporation or other organization which is a Full Member (hereinafter referred to as "Full Member Organization" in this Section and the subsequent Section) ceases to be the member representative thereof, or in case such Full Member Organization loses its Full Membership, such officer shall automatically retire.

Section 3. In case a Full Member Organization which currently has a member representative in office as an officer of the Society files a notification for change of its member representative and at the same time the new member representative files for candidacy in

accordance with the stipulations in Article 26, Section 2, the stipulations in the preceding Section shall not apply to the officer who ceases to become a member representative due to such notification of change until the conclusion of the General Meeting of Members at which the Director pertaining to such candidacy shall be elected.

Article 32 (Removal of Officers and Accounting Auditors)

Officers and Accounting Auditors may be removed from office by resolution of the General Meeting of Members.

Article 33 (Remuneration, etc. of Officers and Accounting Auditors)

Section 1. The remuneration, etc. (remuneration, bonus, or other financial benefits received from the Society as consideration for execution of duties; the same shall apply hereinafter in this Article and in Article 45) of Directors shall be determined by resolution of the General Meeting of Members.

Section 2. The remuneration, etc. of Auditors shall be determined by resolution of the General Meeting of Members.

Section 3. The remuneration, etc. of Accounting Auditors shall be determined at the meeting of the Board of Directors with the consent of the Auditor (in case there are multiple Auditors, a majority thereof).

Article 34 (Partial Exemption of Officers and Accounting Auditors from Liability for Losses)

When a Director, Auditor, or Accounting Auditor (hereinafter referred to as "Officer, etc." in this Article) is liable for losses in accordance with the stipulations of in Article 111, paragraph 1 of the Incorporated Associations Act, Society may exempt the Officer, etc. in question from such liability up to the amount obtained by deducting the amount of minimum liability stipulated in Article 113, paragraph 1 of the Incorporated Associations Act (referred to as the "Minimum Liability Amount" in the following Article) from the amount of liability borne by such Officer, etc. by the resolution of the Board of Directors, where it is recognized as particularly necessary after taking into consideration the details of the facts causing the liability, the status of the execution of duties by such Officer, etc., and other circumstances.

Article 35 (Contract for Limitation of Liability)

Section 1. The Society may, with regard to the liability for losses stipulated in Article 111, paragraph 1 of the Incorporated Associations Act of External Officers, etc. upon the performance of duties by external Directors, external Auditors and Accounting Auditors (hereinafter referred to as "External Officers, etc." in this Article) where such duties have been performed in good faith and where there is no material negligence, conclude a contract with

External Officers, etc. recognizing the Minimum Liability Amount as the limit.

Section 2. In this Article, the meaning of the terms listed in each of the items below is as provided for in the respective item:

- 1) External director: A Director of the Society who is not and who never has been an executive officer (meaning President, Managing Director, Director (executive), or other Director who has executed operations of the Society) or an employee of the Society or its subsidiary.
- 2) External auditor: An Auditor of the Society who has never been a Director or an employee of the Society or its subsidiary.

Chapter 6. Board of Directors

Article 36 (Establishment of Board of Directors)

Section 1. Society shall establish a Board of Directors.

Section 2. The Board of Directors shall consist of all Directors.

Article 37 (Authority, etc.)

Section 1. The Board of Directors shall perform the following duties:

- 1) Make decisions on execution of business activities of the Society.
- 2) Audit the execution of duties by Directors.
- 3) Election and dismissal of the President, Managing Directors, and Directors.

Section 2. The Board of Directors may not entrust to Directors the following matters or other significant decisions regarding the execution of business activities:

- 1) Disposition and acceptance of assignment of significant assets.
- 2) Borrowings in large amounts.
- 3) Appointment and dismissal of important employees.
- 4) Establishment, change, and closure of secondary offices and other important structures.
- 5) Development of systems necessary for ensuring the execution of duties of Directors to comply with laws and regulations and the Articles of Association, and other systems prescribed in laws and regulations as necessary to ensure proper operations.

Article 38 (Convocation)

Section 1. Meetings of the Board of Directors shall be convened by the President.

Section 2. Regular meetings of the Board of Directors shall be convened once a month.

Section 3. Extraordinary meetings of the Board of Directors shall be convened when it

is recognized as necessary by the President or when a Director other than the President demands the President to convene a meeting, indicating in writing the objective of the meeting.

Section 4. When convening meetings of the Board of Directors, such notice must be sent to each Director and to each Auditor no later than five days prior to the date of the meeting.

Section 5. Notwithstanding the stipulations of the preceding Section, the Board of Directors may, with the consent of all Directors and Auditors, be convened without taking the procedures for convocation.

Article 39 (Chairman)

Meetings of the Board of Directors shall be chaired by the President.

Article 40 (Resolutions)

Section 1. Resolutions of the Board of Directors shall be passed by the majority of Directors in attendance, given that a majority of Directors who may participate in the voting are in attendance.

Section 2. Directors who have a special interest in the resolutions of the preceding Section may not participate in the voting.

Section 3. Notwithstanding the provisions of Section 1, in case the requirements prescribed in Article 96 of the Incorporated Associations Act are satisfied, resolutions of the Board of Directors shall be deemed to have been passed.

Article 41 (Meeting Minutes)

The proceedings of the meeting of the Board of Directors shall be recorded in the meeting minutes as prescribed in laws and regulations. The President and Auditors in attendance must sign or sign and affix their seals to the meeting minutes.

Article 42 (Devolution to Subordinate Rules)

Matters required regarding the operation of the meeting of the Board of Directors shall, apart from those specified in laws and regulations or in the Articles of Association, be in accordance with the rules stipulated separately by the Board of Directors.

Chapter 7. Chairman and Committees

Article 43 (Election and Term of Office, etc. of Chairman)

Section 1. The Society shall appoint one Chairman.

Section 2. The Chairman shall be elected, in accordance with the rules provided for separately by the Board of Directors, by Full Members among Full Members (in case of corporations or other organizations, their member representative) who have declared their candidacy with recommendation from no less than one-thirtieth of the total number of Full Members.

Section 3. The Chairman may not simultaneously hold a post as an officer.

Section 4. The term of office of the Chairman shall be for two years; provided, however, that the term of office of a Chairman elected as a replacement for a Chairman who has retired early shall be until the expiration of the term of the retired Chairman.

Section 5. The term of office of two years provided in the preceding Section shall be counted from the first April 1st which arrives after becoming the electee at the election stipulated in Section 2.

Section 6. The Chairman may be reappointed. However, he/she cannot be reappointed if he/she has already been in office for five or more consecutive years.

Section 7. The Chairman may be removed from office by resolution of the General Meeting of Members.

Section 8. The stipulations in Article 31, Sections 1 and 2 shall apply *mutatis mutandis* to the Chairman.

Article 44 (Duties of the Chairman)

Section 1. The Chairman shall, in accordance with the request of the Board of Directors, recommend candidates for Director for the classifications in Article 26, Section 1, item 4 and the candidates for Auditor in the classifications in each item under Section 5 of the same Article to the Board of Directors.

Section 2. The Chairman shall, in accordance with the request of the Board of Directors, attend the meeting of the Board of Directors and express his/her opinion.

Section 3. The Chairman shall, in accordance with the request of the Board of Directors, cooperate with the activities of the Society in order to contribute to the achievement of the objectives of the Society.

Article 45 (Remuneration, etc. of Chairman)

The Society may provide the Chairman remuneration, etc. in accordance with the payment standards of remuneration, etc. determined by the Board of Directors.

Article 46 (Committees)

Section 1. The Society may establish Committees by the resolution of the Board of Directors.

Section 2. Committees shall study and deliberate in response to consultation from the

Board of Directors and submit a report.

Section 3. Committee members shall be appointed by the Board of Directors among Full Members (in case of corporations or other organizations, their member representative).

Section 4. Expert members and temporary members may be appointed to Committees. Expert members shall be elected by the Board of Directors among persons with relevant knowledge and experience on the consultative matters, and temporary members shall be elected by the Board of Directors among persons who possess a certain level of knowledge regarding the matters for study and deliberation based on the consultation.

Section 5. The Society may provide an attendance allowance of an amount decided by the Board of Directors to Committee members stipulated in Section 3 and to expert members and temporary members stipulated in the preceding Section.

Section 6. Among the matters necessary regarding the management of Committees, matters common to all Committees shall conform to rules provided for separately by the Board of Directors, and in case there are matters other than those prescribed in such rules which are individually necessary for the management of each Committee, such matters shall be decided by resolution of the Board of Directors upon the establishment of such Committee.

Chapter 8. Accounting

Article 47 (Business Year)

The business year of the Society shall be from April 1 each year until March 31 of the following year.

Article 48 (Business Activities Plan and Budget of Income and Expenditure)

The President must, by the day before the start of each business year, draft a business activities plan and budget of income and expenditure and gain the consent of the Board of Directors. The same also shall apply to their amendments.

Article 49 (Business Report and Settlement of Accounts)

Section 1. The President must, after the end of each business year, draft financial statements (meaning balance sheet and statement of changes in net assets; the same shall apply hereinafter in this Article), a business report and accompanying statements for such business year.

Section 2. Pursuant to laws and regulations, the financial statements mentioned in the preceding Section and accompanying statements must undergo an audit by Auditors and Accounting Auditors, and the business report mentioned in the same Section and accompanying statements must undergo an audit by Auditors.

Section 3. The financial statements, the business report and accompanying statements audited in accordance with the preceding Section must be approved by the Board of Directors.

Section 4. The President must, upon notifying the convocation of a regular General Meeting of Members, furnish Full Members with the financial statements and business report approved in accordance with the preceding Section and an audit report (including the accounting audit report) pursuant to laws and regulations.

Section 5. The President must submit or furnish the regular General Meeting of Members the financial statements and business report approved in accordance with Section 3.

Section 6. The financial statements submitted or furnished in accordance with the stipulations in the preceding Section must be approved by the regular General Meeting of Members.

Section 7. When the financial statements approved in Section 3 fulfill the requirements stipulated in Article 48 of the Ordinance for Enforcement of the Act on General Incorporated Associations and General Incorporated Foundations as correctly indicating the profit and loss and assets of the Society in accordance with laws and regulations and the Articles of Association, then the stipulations in the preceding Section shall not apply. In such case, the President must report the content of such financial statements to the regular General Meeting of Members.

Section 8. The President must report the content of the business report submitted or furnished in accordance with the stipulations in Section 5 to the regular General Meeting of Members.

Article 50 (Prohibition on Distribution of Surplus Funds)

The Society shall not distribute surplus funds.

Chapter 9. Amendment of Articles of Association and Dissolution

Article 51 (Amendment of Articles of Association)

The Articles of Association may be amended by resolution of the General Meeting of Members.

Article 52 (Dissolution)

The Society may be dissolved by resolution of the General Meeting of Members or by other grounds stipulated by laws and regulations.

Article 53 (Ownership of Residual Assets)

Residual assets possessed by the Society upon its liquidation shall be donated to corporations listed in Article 5, paragraph 17 of the Incorporated Associations Act or a national or local public body.

Chapter 10. Public Notice

Article 54

Section 1. The method of public notice by the Society shall be by electronic public notice.

Section 2. The public notices mentioned in the preceding Section shall be posted in the Society's newsletter.

Supplementary Provisions

Article 1 (Effective Date)

The Articles of Association shall be effective from the date of registration (hereinafter referred to as “Transfer Registration”) in Article 106, paragraph 1 of the Act on the Revision, etc. of Related Acts that Accompany the Enforcement of the Act on General Incorporated Associations and General Incorporated Foundations and the Act on Authorization of Public Interest Incorporated Associations and Public Interest Incorporated Foundations, applied *mutatis mutandis* to the provisions in Article 121, paragraph 1.

Article 2 (Transitional Measures Regarding Members)

Section 1. Persons who are Associate Members as of the effective date of the Articles of Association shall be deemed Associate Members in Article 6, Section 1 thereof.

Section 2. Persons who are Full Members as of the effective date of the Articles of Association shall be deemed Full Members in Article 6, Section 2 thereof.

Article 3 (Special Enrollment Fee)

Persons who became Associate Members in accordance with the stipulations of Article 61, Section 1 of the Articles of Association approved by the Minister of Education, Science and Culture on January 19, 1977 must pay a special enrollment fee in accordance with stipulations determined separately by the Board of Directors in case they become Full Members after the effective date of the current Articles of Association (hereinafter referred to as “Effective Date”).

Article 4 (Exceptions Regarding Original Directors after Transfer)

Section 1. Persons elected as Directors in accordance with the stipulations in Article 15, Section 3 of the Articles of Association prior to amendment (hereinafter referred to as “previous Articles of Association”), in which Transfer Registration is the condition precedent for assumption of office, shall, notwithstanding the stipulations of Article 26, Section 1, assume the office of Director on the Effective Date.

Section 2. The term of office of Directors assuming office in accordance with the stipulations in the preceding Section shall, notwithstanding the stipulations of Article 30, Section 1, be until the conclusion of the first extraordinary General Meeting of Members convened after the Effective Date.

Article 5 (Exceptions Regarding Original President after Transfer)

Section 1. Notwithstanding the stipulations of Article 26, Section 4, among the Directors assuming office in accordance with the stipulations in Section 1 of the preceding Article, Mamoru Kato shall assume the office of President on the Effective Date.

Section 2. In case the President assuming office in accordance with the stipulations in

the preceding Article is the person currently in office as President in accordance with Article 14, Section 2 of the previous Articles of Association upon the enforcement of the current Articles of Association, such tenure shall be deemed the tenure of the President under Article 25, Section 2, and the proviso of Article 26, Section 4 shall be applied.

Article 6 (Exceptions Regarding Original Managing Directors and Directors (executive) after Transfer)

Notwithstanding the stipulations in Article 26, Section 4, among the Directors assuming office in accordance with the stipulations in Article 4, Section 1 of the Supplementary Provisions, Takehisa Nogi, Yoshimi Kakuyama, and Mitsuo Sugawara shall assume the office of Managing Directors, and Takumi Kawakami, Masayuki Ohara, Masami Kondo, and Michio Asaishi shall assume the office of Directors (executive) respectively from the Effective Date.

Article 7 (Transitional Measures Regarding Auditors)

Section 1. Auditors of the Society holding office at the time of the enforcement of these Articles of Association shall be deemed Auditors elected in accordance with the stipulations in Article 26, Section 5.

Section 2. The term of office of the Auditors in the preceding Section shall, notwithstanding the stipulations of Article 30, Section 1, be until the conclusion of the extraordinary General Meeting of Members provided for in Article 4, Section 2 of the Supplementary Provisions.

Section 3. In case the Auditor in Section 1 is a Full Member, the tenure prior to the Effective Date shall be included in the tenure stipulated in the proviso of Article 30, Section 3.

Article 8 (Exceptions Regarding Original Accounting Auditor after Transfer)

Notwithstanding the stipulations of Article 26, Section 10, Nakachi & Co. shall assume office of Accounting Auditor on the Effective Date.

Article 9 (Retirement of Councilors)

Councilors of the Society holding office in accordance with Article 14, Section 4 of the previous Articles of Association at the time of the enforcement of these Articles of Association shall retire upon the Transfer Registration.

Article 10 (Transitional Measures Regarding Chairman)

Section 1. Chairman of the Society holding office at the time of the enforcement of these Articles of Association shall be deemed Chairman elected in accordance with the stipulations in Article 43, Section 2.

Section 2. Notwithstanding the stipulations in Article 43, Section 4, the term of office of the Chairman in the preceding Section shall be until the date the electee is determined in

the first election for the position of Chairman after the Effective Date (meaning the election stipulated in Article 43, Section 2) and the term of office of the succeeding Chairman shall be from the day after the aforementioned date until March 31, 2012.

Section 3. The election in the preceding Section shall be held no later than four weeks prior to the day of the extraordinary General Meeting of Members provided for in Article 4, Section 2 of the Supplementary Provisions.

Section 4. With regard to the Chairman in Section 1, the tenure prior to the Effective Date shall be included in the tenure stipulated in the proviso of Article 43, Section 6.

Article 11 (Transitional Measures Regarding Committees)

Section 1. The Committees appointed by the Society at the time of the enforcement of these Articles of Association shall be deemed Committees appointed in accordance with the stipulations in Article 46, Section 1.

Section 2. Consultations to Committees in the preceding Section made prior to the Effective Date shall be deemed consultations by the Board of Directors in Article 46, Section 4.

Section 3. Members of Committees in Section 1 shall be deemed members elected in accordance with the stipulations in Article 46, Section 3.

Section 4. Expert members and temporary members of Committees in Section 1 shall be deemed expert members elected in accordance with the stipulations in Article 46, Section 4.

Article 12 (Transitional Measures Regarding Business Year)

Section 1. Notwithstanding the stipulations in Article 47, the business year which the Effective Date belongs to shall commence on the Effective Date and end on the first March 31st arriving after the Effective Date.

Section 2. The business year immediately preceding the business year in the preceding Section shall end on the day before the Effective Date.

(2011.01/R2)