資　料

昭和25年および昭和26年商法改正関係資料(3)

——ＧＨＱ／ＳＣＡＰ文書から——

中　東　正　文

(５) 1950年（昭和25年）１月10日法律案

1950年（昭和25年）１月10日法律案は、法制審議会の最終答申である1949年（昭和24年）12月23日要綱修正案[(7)]をもとに、これを法律の形に編纂したものである。もっとも、要綱修正案を確定する際のＧＨＱ経済科学局との協議においては、要綱の基礎となる規定が直接議論されたこともある[(8)]。そのような規定については、そのままこの法律案に盛り込まれることになった。

この法律案につき、法務府とＧＨＱとの間でさらに協議が行なわれ、1950年（昭和25年）１月27日の閣議決定を経て、２月24日、「商法の一部を改正する法律案」が国会に提出されることになった[(9)]。

原資料は、国会図書館憲政資料室所蔵の GHQ／SCAP Records ESS (E) 06763-06764 による。各行の切れ目は原文のままとしたが、綴りの誤りなどは適宜修正した。

（７）　拙稿・前掲注（４）第４章第７節を参照。

（８）　拙稿・前掲注（４）第４章第５節および第６節を参照。

（９）　国会提出までの経緯については、拙稿「昭和25年商法改正——ＧＨＱから見た成立経緯の考察（４・完）」中京法学31巻3号（1996年）の第５章第１節および第２節を参照。

LAW FOR PARTIAL AMENDMENT OF COMMERCIAL CODE (DRAFT)

LAW FOR PARTIAL AMENDMENT OF COMMERCIAL CODE

The Commercial Code (Law No. 48 of 1899) shall be amended as follows:

In the Contents, "Sub-Section II. Directors" shall be amended as "Sub-Section II. Directors and Board of Directors", "Sub-Section III. Auditors (kansayaku)" amended as "Sub-Section III. Auditors (Kaikei-kansayaku)", "Section IV. Accounts of the Company" amended as "Section III-2. Issuance of New Shares" and "Section IV. Accounts of the Company", "Sub-Section II. Meetings of the Debenture Holders" amended as "Sub-Section II. Meetings of the Debenture Holders" and "Sub-Section III. Convertible Debentures" and "Chapter V. Kabushiki-Goshi-Kaisha (Société Commandite par Actiens)" amended as "Chapter V. Deleted".

In Art. 17, "kabushiki-kaisha or kabushiki-goshi-kaisha" shall be amended as "or kabushiki-kaisya".

In Art. 53, "kabushiki-kaisha and kabushiki-goshi-kaisha" and "four kinds" shall respectively be amended as "and kabushiki-kaisha" and "three kinds".

In Art. 56 para. 2, "or a kabushiki-goshi-kaisha" shall be deleted, and, in the fourth paragraph of the same Article, "Arts. 343 and 467" shall be amended as "and Art. 343".

Arts. 58 to 60 inclusive shall be amended as follows:

Article 58. The Court may, if , for the purpose of maintaining public interests, it is deemed that there is any reason justifying the disallowance of the continued existence of the company, order its dissolution on the application of the Attorney-General in the following cases:

1. Where the formation and registration of the company were made with any illegal intent;
2. Where the company has without reasonable cause failed to commence business within one year or the time when it came into existence or has discontinued its business for a period of one year;
3. Where a member or a director administering the affairs of a company has done any act to exceed or abuse the authority conferred upon him by laws and ordinances, or has done any act to violate any article or articles of criminal laws or ordinances after a written demand to discontinue the same has been delivered to such person.

In cases where the application mentioned in the preceding paragraph has been made, the Court may, even before an order of dissolution has been issued, appoint a referee or take any other necessary measures for the preservation of the company's property on the application of the Attorney-General or of its own motion.

Article 59. Deleted.

Article 60. Deleted.

In Art. 64 para. 1 item 6 and Art. 77 para. 1, "or one or more members together with one or more managers . . . jointly" shall be deleted.

Arts. 106 and 107 shall be amended as follows:

Article 106. Deleted.

Article 107. Deleted.

In Art. 122, "a Public Procurator" shall be amended as "the Attorney-General".

In Art. 127, "in part" shall be amended as "of an important part".

Art. 135 shall be amended as follows:

Article 135. If liquidators have neglected any duty, such liquidators shall be jointly and severally liable in damages to the company.

If liquidators have been guilty of wrongful intent ot of gross negligence in the case mentioned in the preceding paragraph, such liquidators shall be jointly and severally liable in damages to third persons also.

The provisions of Art. 75, Art. 78 para. 2 and Art. 254 paras.

3 and 4 shall apply with the necessary modifications to liquidators.

In Art. 136 para. 3, "Art. 107," shall be deleted.

Art. 166. shall be amended as follows:

Article 166. The promoters shall make and sign Articles of Incorporation in which they shall state the following particulars:

1. The object;
2. The trade name;
3. The total number of the shares authorized to be issued by the company, whether they are shares having par value or shares without par value and the number;
4. If shares having par value are issued, the amount of each share;
5. The total number of the shares authorized to be issued at the time of incorporation, whether they are shares having par value or shares without par value and the number;
6. If shares without par value are to be issued at the time of incorporation, the minimum issue-price thereof;
7. The seat of the principal office and of each branch office;
8. The manner in which the company is to give its public notices;
9. The full name and permanent residence of each promoter;
10. The full name and permanent residence of each first director.

The total number of the shares to be issued at the time of incorporation shall not be less than the one-fourth of the total number of the shares to be issued by the compay.

Public notices by a company shall be given by inserting them in the Official Gazette or in a daily newspaper in which matters relating to current events are published.

A person who is to be a first director shall sign the Articles of Incorporation.

In Art. 168 para. 1, Items to 3 inclusive shall be amended as follows, and in item 5 of the same paragraph, next to "shares" there shall be added "whether they are shares having par value or shares without par value."

1 to 3 inclusive.　　Deleted.

The following one Article shall be added next to Article 168;

Article 168-2. Unless provided in the Articles of Incorporation, the

following matters as to the shares to be issued at the time of incorporation shall be determined by the consent of all of the promoters:

1. The class of the shares, whether or not they are convertible and the number;
2. The issue-price of the shares;
3. The amount not credited to the stated capital out of the issue-price of the shares without par value.

In. Art. 170 para. 1, there shall be added "to be issued at the time of incorporation" next to "shares", "share" shall be amended as "issue-price" and "directors and auditors (kansayaku)" shall be amended as "auditors (kaikei-kansayaku)."

Art. 171 shall be amended as follows:

Article 171. Deleted.

In Art. 172, "on shares" shall be deleted.

In Art. 173 paras. 1 and 2, "items 4 to 7" shall be deleted, in the first paragraph of the same Article, "after their appointment" shall be amended as "after the date one which the payment is to be made" and "the preceding three Articles" shall be amended as "Art. 170 and the preceding Article."

In Art. 174, next to "shares" there shall be added "to be issued at the time of incorporation."

Art. 175 paras. 2 and 3 shall be amended as follows:

The application of form shall be prepared by the promoters, and shall contain the following particulars:

1. The date on which the Articles of Incorporation have been attested; and the full name of the Notary Public who has attested them;
2. The particulars mentioned in Art. 166 para. 1;
3. The provisions, if any, as to the period of duration of or reasons for dissolution of the company;
4. The particulars as to and the number of each class of shares if two or more classes of shares are issued;
5. The provisions, if any, as to the pre-emptive right for new shares;
6. The provisions as to the distribution of interest prior to

the commencement of business, if such have been determined;

7. The provisions as to the amortization of shares out of profits to be distributed to shareholders, if such have been determined;
8. The particulars mentioned in Art. 168 para. 1;
9. The particulars mentioned in Art. 168-2;
10. Whether shares taken by each promoter are those having par value or those without par value, their class, number and the price at which such shares are to be taken;
11. A bank or a trust company which is to conduct the business of receiving payment and the place where such business is to be conducted;
12. A statement that a subscription for shares may be rescinded in the event the constituent general meeting is not terminated by a fixed date.

A person who intends to subscribe for shares shall also state in the application form the following particulars in addition to the particulars mentioned in the first paragraph:

1. Whether they are shares having par value or shares without par value to be taken by him if both shares are issued;
2. The class of the shares to be taken by him if shares are classified and whether or not they are convertible;
3. The issue-price for the shares to be taken by him if shares without par value are issued or if shares having par value are issued above par value.

In Art. 177 para. 1, next to "all the shares" there shall be added "to be issued at the time of incorporation of the company " and "the payment" shall be amended as "the payment of the issue-price," in the second paragraph of the same Article; "on shares" shall be deleted, and in the third paragraph of the same Article, "Art. 171 and" shall be deleted.

In Art. 178, "on shares" shall be deleted.

Art. 180 para. 2 shall be amended as follows:

At the constituent general meeting, all resolutions shall be adopted by a two-thirds majority of the votes of those present who have taken shares representing not less than one-half of the total number of the shares which have been taken.

In the third paragraph of the same Article, "Art. 239 paras. 3

and 4, Art. 240" and "Arts. 247 to" shall respectively be amended as "Art. 239 paras. 3 and 5, Art. 240 para. 2" and "Arts. 247, 248, 250, 252."

In Art. 181 para. 1, "items 4 to 7 inclusive" shall be deleted.

In Art. 183, "directors and auditors (kansayaku)" shall be amended as "auditors (kaikei-kansayaku)."

In Art. 184, "auditors (kansayaku)" shall be amended as "auditors (kaikei-kansayaku)" and in item 1 of the first paragraph of the same Article, "all the shares" shall be amended as "all the shares to be issued at the time of incorporation."

In Art. 185 para. 1, "items 4 to 7 " shall be deleted.

In Art. 188 para. 1, "all the shares" shall be amended as "all the shares to be issued at the time of incorporation" and in the second paragraph, items 1 to 11 inclusive shall be amended as follows:

1. The matters mentioned in Art. 166 para. 1 items 1 to 3, 6 and 8;
2. The principal office and each branch office;
3. The matters mentioned in Art. 175 para. 2 items 3 to 7;
4. The total number of the issued shares, whether they are shares having par value or shares without par value; the class and the number;
5. The amount of the stated capital;
6. The full name and permanent residence of each director and auditor (kaikei-kansayaku).
7. The full name of the representing director;
8. The provisions as to representation of the company in cases where two or more representing directors are jointly to represent the company.

In Art. 189 para. 1 "on shares" shall be deleted.

Art. 192 shall be amended as follows:

Article 192. In case there are shares to be issued at the time of the incorporation of the company and not to be taken after the coming into existence of the company, the promoters shall be deemed to have taken such shares jointly. The same shall also apply in cases where a subscription for shares has been rescinded.

In case there are shares upon which payment as mentioned in Art. 170 or 177 has not been made after the coming into existence

of the company, the promoters shall be jointly and severally liable to make such payment.

The provisions of Art. 186 shall apply with the necessary modifications to the cases mentioned in the preceding two paragraphs.

In Art. 195, "auditors (kansayaku)" shall be amended as "auditors (kaikei-kansayaku)."

Art. 196 shall be amended as follows:

Article 196. The provisions of Art. 266 para. 4 and Arts. 267 to 268-3 shall apply with the necessary modifications to the promoters.

Art. 197 shall be amended as follows:

Article 197. Deleted.

In Art. 198, "in respect of any person who has subscribed for shares on the erroneous assumption that he was a promoter" shall be deleted.

Art. 199 shall be amended as follows:

Article 199. The company may issue shares having par value or shares without par value, or both of them.

Art. 200 para. 1 shall be amended as follows and in the second paragraph of the same Article "on shares" shall be deleted:

The liability of a shareholder shall be limited to the price at which he has taken his own shares.

In Art. 201 para. 2, "on shares" shall be deleted.

In Art. 202 para. 1, "the amount of each of the shares" shall be amended as "the face value of the shares having par value," in the second paragraph of the same Article, "of each shares" shall be amended as "mentioned in the preceding paragraph," and the following one paragraph shall be added as the third paragraph of the same Article:

The issue-price of shares having par value shall not be less than the face value thereof.

In Art. 203, the third paragraph shall be deleted and the following one paragraph shall be added as the first paragraph of the same Article:

Persons who have taken shares jointly are jointly and severally liable for the payment.

Art. 204 shall be amended as follows:

Article 204. The transfer of a share shall not be prohibited or restricted even by the provisions of the Articles of Incorporation.

Art. 205 para. 1 shall be amended as follows and in the second paragraph of the same Article "and Art. 14 para. 2" shall be amended as "Art. 14 para. 2 and Art. 16 para. 1":

A non-bearer share must be transferred by and indorsement on the shere certificate or by the delivery of the certificate with a separate instrument of assignment signed by the person whose name appears on the certificate as the owner.

The following one paragraph shall be added to Article 205:

The prossessor of a non-bearer share certificate is deemed to be the lawful holder if he establishes his title to the share by means of such instrument of assignment. The same shall also apply in cases where the full name of an assignee is not mentioned in such instrument.

In Art. 206 para. 1, "by an indorsement on the share certificate" are the third paragraph of the same Article shall be deleted and the second paragraph of the same Article shall be amended as follows:

The company is not bound to verify the signatures made in the share certificate or the instrument of assignment signed by the person whose name appears on the certificate as the owner.

In Art. 208, "or conversion" shall be amended as, splitting up, conversion, purchase or the issuance of shares made in accordance with the provisions of the second paragraph of Article 290-3.

In Art. 209 para. 3, "the preceding Article" shall be amended as "the preceding Article or the preceding paragraph" and the following one paragraph shall be added next to the second paragraph of the same Article:

The right of the pledgee mentioned in the first paragraph shall extend to shares to be received by shareholders in accordance with the provisions of the first paragraph of Article 290-2.

The following one item shall be added to Article 210 as item 4:

4. Where the shares are to be purchased in accordance with the provisions of Article 245-2 or Article 408-2.

In Art. 211, "and item 3" shall be amended as "to item 4."

Art. 222 shall be amended as follows:

Article 222. The company may issue two or more classes of shares which differ in respect of their particulars as to the distribution of profits, interest or surplus assets, or amortization of shares by

profits.

In the case mentioned in the preceding paragraph, particulars as to each class of shares and their numbers shall be determined by the Articles of Incorporation.

The following six Articles shall be added next to Article 222:

Article 222-2. In cases where the company is to issue two or more classes of shares, it may be provided by the Articles of Incorporation that any shareholder may demand the conversion of the shares which he has taken into other class of shares. In this case, the conditions of conversion, the particulars as to shares to be issued in consequence of the conversion and the period within which the conversion may be demanded shall be provided.

The total number of the shares and the number of shares having par value or shares without par value mentioned in Art. 166 para. 1 item 3, and the number of shares to be issued in consequence of the conversion of the number of two or more classes of shares determined in accordance with the provisions of the second paragraph of the preceding Article shall be reserved for the period mentioned in the preceding paragraph.

Article 222-3. The face value of shares having par value or the issue-price of shares without par value to be issued in consequence of the conversion shall not exceed the issue-price of convertible shares.

Article 222-4. In the case mentioned in the first paragraph of Article 222-2 the following particulars shall be stated in the application form for shares:

1. That a share may be converted into one of another class of shares;
2. The conditions of conversion;
3. The particulars as to the shares to be issued in consequence of the conversion;
4. The period within which a demand for conversion may be made.

The particulars mentioned in the preceding paragraph shall be registered.

Article 222-5. A person who demands a conversion shall present to the company two copies of a written application together with the share certificates.

The written application mentioned in the preceding paragraph

shall contain the number of shares to be converted and the date of the demand and shall be duly signed.

The demand for conversion of shares shall not be made within the period mentioned in the first paragraph of Article 224-2.

Article 222-6. The conversion takes effect on the day on which the demand has been made, but as to the distribution of profits or interest, it may be provided in the Articles of Incorporation that the conversion shall be deemed to have been made at the last day of the fiscal period in which the demand has been made or at the last day of the preceding fiscal period.

Article 222-7. The registration of the alteration in consequence of the conversion of shares as of the last day of every month shall be effected, within two weeks at the seat of the principal office and within three weeks at the seat of each branch office, from the said last day.

In Art. 223, "the register of shareholders" shall be amended as "when non-bearer share certificates have been issued, the register of shareholders" and item 5 shall be deleted, and the following two paragraphs shall be added to the same Article:

When share certificates to bearer have been issued, the register of shareholders shall contain whether they are shares having par value or shares without par value, the class, the number, the serial number and the date of issuance.

In the cases mentioned in the preceding two paragraphs, when convertible shares have been issued, the register of shareholders shall also contain the particulars mentioned in the first paragraph of Article 222-4.

The following one Article shall be added next to Article 224:

Article 224-2. In order to determine the person who exercises the vote, receives dividends or exercises other rights as a shareholder or a pledgee, the company may provide in the Articles of Incorporation to the effect that it shall not alter any entry in the register of shareholders for a specified period or that any shareholder or pledgee whose name has been entered in the register of shareholders on a specified date shall be deemed to be the shareholder or the pledgee who is entitled to exercise the rights.

The period mentioned in the preceding paragraph shall not exceed sixty days.

The date mentioned in the first paragraph shall be determined within sixty days prior to the date on which the person may exercise the rights as a shareholder or a pledgee.

The directors shall give public notice of the period or date mentioned in the first paragraph thirty days before, but this shall not apply in cases where such period or date has been designated by the Articles of Incorporation.

Art. 225. shall be amended as follows:

Article 225. The company shall without delay issue share certificates after it has issued shares.

Each share certificate shall bear a serial number, be signed by a director, and contain the following particulars:

1. The trade name of the company;
2. The date on which the company has come into existence;
3. The total number of shares to be issued by the company, whether they are shares having par value or shares without par value, and the number;
4. The amount of each shares, if they are shares having par value;
5. In respect to shares which have been issued after the coming into existence of the company, the date of issuance;
6. The particulars as to each class of shares, in cases where there are two or more classes of shares;
7. The particulars mentioned in the first paragraph of Article 222-4, if they are convertible shares.

Art. 229 shall be amended as follows:

Article 229. The provisions of Article 22 of the Law on Checks shall apply with the necessary modifications in cases where a share certificate is share certificate to bearer or a share certificate is a non-bearer share certificate and the holder thereof establishes his right in accordance with the provisions of the second or third-paragraph of Article 205.

In Section III Sub-Section I, the following one Article shall be added before Article 231:

Article 230-2. The resolution shall be adopted by a general meeting as

to only the matters provided in this Code or the Articles of Incorporation.

Art. 231 shall be amended as follows:

Article 231. The convening of a general meeting of shareholders shall be determined by the board of directors except as otherwise provided in this Code.

Art. 235 para. 2 shall be deleted.

Art. 236 shall be amended as follows:

Article 236. Deleted.

In Art. 237 para. 1, "representing not less than one-tenth of the capital" and "directors" shall respectively be amended as "who shall hold shares representing not less than three-hundredths of the total number of the issued shares" and "board of directors" and in the second paragraph of the same Article, "if the directors do not proceed to convene the meeting" shall be amended as "if the notice of convening of the meeting has not been despatched " and the third paragraph of the same Article shall be amended as follows:

At a general meeting hold in accordance with the provisions of the preceding two Articles inspectors may be specially appointed to investigate the affairs of the company and the state of its property.

In Art. 238, "auditors (kansayaku)" shall be amended as "auditors (kaikei-kansayaku)."

In Art. 239 para. 1, "of the shareholders present" shall be amended as "of the shareholders present who shall hold shares representing the majority of the total number of the issued shares" and the following one paragraph shall be added next to the third paragraph of the same Article:

The conferment of the power of representation mentioned in the preceding paragraph shall be made whenever a general meeting is covened.

Art. 240 shall be amended as follows:

Article 240. The number of shares owned by shareholders who are not entitled to vote shall not be computed in the total number of the issued shares mentioned in the first paragraph of the preceding Article.

The number of votes which cannot be exercised in accordance

with the provisions of the fifth paragraph of the preceding Article shall not be computed in the number of the votes mentioned in the first paragraph of the same Article.

In Art. 241 para. 1, "except as otherwise provided in this Code" shall be added next to "each shareholder" and the proviso of the same paragraph shall be deleted.

Art. 242 shall be amended as follows:

Article 242. In cases where a company issues two or more classes of shares, it may be provided by the Articles of Incorporation that with respect to shares of preferred class regarding the distribution of profits a shareholder shall not be entitled to vote, but such shareholder shall be entitled to vote from the time when the resolution to the effect that he shall not receive the preferred distribution provided by the Articles of Incorporation has been adopted to the time when the resolution to the effect that he shall receive such distribution shall have been adopted.

The total number of the share mentioned in the preceding paragraph shall not exceed one-fourth of the total number of the issued shares.

In Art. 244 para. 2, "and the auditors (kansayaku)" shall be deleted.

In Art. 245 para. 1 item 1, "in part" shall be amended as "of an important part," item 4 of the same paragraph shall be deleted and the second paragraph of the same Article shall be amended as follows:

The substance of the agreement mentioned in the preceding paragraph shall be stated in notices and public notices provided in Article 232.

The following three Articles shall be added next to Article 245:

Article 245-2. Any shareholder who shall have notified in writing to the company, prior to the general meeting of shareholders at which a resolution mentioned in the first paragraph of the preceding Article is to be made, of his intention to be against any of the acts mentioned in the same paragraph and have been against it at the general meeting may make demand of the company for the payment of the fair value of his shares at which the shares would have been valued but for such resolution. But the same shall not

apply in cases where a resolution for dissolution has been adopted simultaneously with the resolution as to the act mentioned in item 1 of the first paragraph of the same Article.

Article 245-3. Such demand mentioned in the preceding Article shall, within 20 days after the date on which the resolution was adopted, be made in writing by stating the class and number of the shares.

If the value of such shares is agreed upon between the dissenting shareholder and the company, the company shall make payment of the agreed value within 90 days after the date of such resolution.

In within a period of 60 days after the date on which the resolution was adopted the shareholder and the company do not so agree, then the dissenting sharehoder may, within 30 days after the expiration of the 60-day period, file a petition with any Court of competent jurisdiction asking for a finding and determination of the fair value of such shares.

The company shall also make payment of legal interest on such value as determined by the Court for after the expiration of the period mentioned in the second paragraph.

Article 245-4. The demand of a dissenting shareholder as provided in Art. 245-2 shall be ineffective when the company has abandoned the act mentioned in Art. 245 para. 1. The same shall also apply in cases where a dissenting shareholder has failed to make the demand mentioned in the same paragraph within the period mentioned in the third paragraph of the preceding Article.

In Art. 246, "the preceding Article" shall be amended as "Article 245."

In Art. 247, "the shareholders, directors or auditors (kansayaku)" shall be amended as "the shareholders or directors."

In Art. 248, "within one month" shall be amended as "within three months."

Article 249 shall be amended as follows:

Article 249. Deleted.

Article 251 shall be amended as follows:

Article 251. Deleted.

In Art. 252, ", Art. 249" shall be deleted.

In Art. 253 para. 1, "para. 4" shall be amended as "para. 5," and in the second paragraph of the same Article, "and Arts. 248 to 250" shall be amended as ", Arts. 248 and 250."

"Sub-Section II Directors" shall he amended as "Sub-Section II Directors and Board of Directors".

The following two paragraphs shall be added next to the first paragraph of Article 254:

The company cannnot, even by the Articles of Incorporation, provide that the directors shall be shareholders.

The directors shall be obliged to obey any law or ordinance and the Articles of Incorporation as well as resolutions adopted at a general meeting and to perform his duties faithfully on behalf of the company.

In Art. 256, "three years" shall be amended as "two years" and the following one paragraph shall be added to the same Article:

The term of office of the first directors shall be up to the termination of the ordinary general meeting convened for the first time after the incorporation notwithstanding the provisions of the preceding paragraph.

The following three Articles shall be added next to Article 256:

Article 256-2. As to the resolution for appointing directors, the number of shares owned by the shareholders to be present may to governed by the Articles of Incorporation, but it shall not be decreased to less than one-third of the total number of the issued shares.

Article 256-3. Any shareholder may, in writing, demand of the company not less than five days before the time fixed for convening a general meeting for the election of not less than two directors that his votes shall be cumulated in such election.

When the demand mentioned in the preceding paragraph has been made, every shareholder shall, as to the resolution of election, have the same votes, concerning a share, as the number of directors to be elected. In such case, every shareholder may give one candidate all his votes or distribute them to not less than two candidates.

In the case mentioned in the preceding paragraph, those candidates who have obtained the majority of votes shall be deemed,

in their orders, to have been elected as directors.

In the case mentioned in the first paragraph, the president of the general meeting must, prior to the resolution, announce the tenor that the demand mentioned in the said paragraph has been made.

The document mentioned in the first paragraph must be kept at the principal office until the close of the general meeting for the inspection by shareholders.

Article 256-4. The company may provide by the Articles of Incorporation that the election of directors shall not be made in accordance with the cumulative voting. Even in this case, any shareholder who holds shares representing not less than one-fourth of the total number of the issued shares may make the demand mentioned in the first paragraph of the preceding Article.

The following two paragraphs shall be added to Article 257:

The resolution mentioned in the preceding paragraph cannot be adopted without conforming to the provisions of Art. 343.

If the general meeting of shareholders has rejected the removal of a director, notwithstanding that there has been dishonest acts or any grave fact constituting the contravention of any law or ordinance or of the Articles of Incorporation in connection with the performance of his duties, any shareholder who holds not less than three-hundredths of the total number of the issued shares may institute an action for his removal in the court.

In Art. 258 para. 2, "an auditor or other" shall be deleted.

Art. 259 shall be amended as follows:

Article 259. The meeting of the board of directors shall be convened by each director, but this shall not apply in cases where such board has determined the director who is to convene such board.

The following two Articles shall be added next to Article 259:

Article 259-2. In convening the meeting of the board of directors, the notice to that effect shall be given to each director not less than a week before the time fixed for such meeting, but this shall not affect that such period is shortened by the Articles of Incorporation.

Article 259-3. When the consent of all the directors has been obtained, the

meeting of the board of directors may be held without conforming to the procedure or convening.

Art. 260 shall be amended as follows:

Article 260. The administration of the affairs of the company shall be decided by the board of directors. The same shall also apply to the election and removal of a manager.

The following two Articles shall be added next to Article 260:

Article 260-2. The resolution of the board of directors shall be adopted by the majority of the directors present who shall constitute in number the majority of the directors, but the quorum of the board of directors may be increased by the Articles of Incorporation.

The provisions of Art. 239 para. 5 and Art. 240 para. 2 shall apply with the necessary modifications to the resolution mentioned in the preceding paragraph.

Article 260-3. Minutes shall be taken of the proceedings of the meeting of the board of directors.

The minutes shall contain the substance of the course of the proceedings of the meeting and the results thereof, and the directors who were present must sign their names thereto.

Art. 261 shall be amended as follows:

Article 261. The company shall determine by the resolution of the board of directors, the particular director who shall represent the company.

In the case mentioned in the preceding paragraph, it may be provided that two more of representing directors shall jointly represent the company.

The provisions of Art. 39 para. 2 and Arts. 78 and 258 shall apply with the necessary modifications to the representing directors.

The following one Article shall be added next to Article 261:

Article 261-2. In cases where the company institutes an action against the director or the director against the company, the board of directors shall determine the particular person who shall represent the company as to such action.

A general meeting of shareholders may determine the particular person who shall represent the company notwithstanding the provisions of the preceding paragraph.

In Art. 263 para. 1, "of the general meetings of shareholders" shall be amended as "of the general meetings of shareholders and the board of directors" and in the second paragraph of the same Article, "demand inspection of" shall be amended as "inspect or make extracts from."

The following three Articles shall be added next to Article 263:

Article 263-2. The directors shall cause to be made detailed statement of the documents mentioned in items 1, 2 and 4 of Article 281 within four months from each period for the settlement of accounts and to be kept it at the principal office and at each branch office.

The statement mentioned in the preceding paragraph shall state the affairs of the company and the state of its property in reasonable detail, specifying the increase or decrease of the stated capital and reserve fund, all transactions with the directors involving all loans to them, the acquisition of shares of any company, and the disposition of any fixed assets.

Any shareholder may, at any time during business hours, inspect or make extracts from the statement mentioned in the first paragraph, and may demand delivery of a copy or an abstract copy of such statement, paying such costs as fixed by the company.

Article 263-3. Every person who holds shares representing not less than one-tenth of the total number of the issued shares may inspect or make extracts from the books, records and documents of account.

The demand mentioned in the preceding paragraph shall be made in writing with reasons.

Article 263-4. In cases where the demand under the provisions of the preceding Article has been made, the directors must not refuse the demand of a shareholder unless they establish that there exist proper reasons that the demand is deemed to fall under any of the following cases:

1. Where the inspection or extraction was sought otherwise

than to inform the applicant regarding its affairs in connection with the protection or exercise of his statutory rights or was sought in order to harass the management of the business of the company or injure the common interests of the shareholders;

2. Where the applicant is a business competitor, is a member, a shareholder or a director in a business competitor, or is a holder of shares in the company for or on behalf of a business competitor;
3. Where the applicant has the aim of offering for profit to others information obtained through the inspection or extraction of the books, records and other documents or where there is an indication that he has offered for profit to others information obtained through the inspection or extraction of the books, records and other documents of the company or any other company;
4. Where an unreasonable time was fixed by the shareholders for the inspection or extraction sought.

Art. 264 shall be amended as follows:

Article 264. A director shall indicate all material facts in respect to any transaction which falls within the class of business carried on by the company at a general meeting of shareholders and shall obtain its approval in order to effect such transaction on his own behalf or on that of a third person.

The approval mentioned in the preceding paragraph shall be made by a majority of two-thirds of the total number of the issued shares.

If a director in contravention of the provisions of the first paragraph has effected a transaction on his own behalf, a general meeting of shareholders may treat such transaction as effected on behalf of the company.

The right mentioned in the preceding paragraph shall lapse where one year has elapsed from the time of the transaction.

Art. 265 shall be amended as follows:

Article 265. In cases where a director shall acquire the company's products or other properties by transfer or shall transfer his

own products or other properties to the company or shall receive loans from the company or shall on his own behalf or on that of a third person effect any transaction with the company, the provisions of Art. 108 of the Civil Code shall not apply to such cases.

Art. 266 shall be amended as follows:

Article 266. In the following cases, directors who have done any of acts of the following cases shall be jointly and severally liable in effecting performance or in damages to the company for the amount which has been distributed illegally in the case of item 1, the amount of loan until repayment in the case of item 2, or the amount of any damage caused to the company in the cases of items 3 to 5 inclusive:

1. Where the proposal relating to the distribution of profits in contravention of Art. 290 para. 1 has been submitted to a general meeting;
2. Where loans to other directors have been made;
3. Where any transaction in contravention of Art. 264 para. 1 has been effected;
4. Where any transaction mentioned in the preceding Article has been effected;
5. Where any act which violates any law or ordinance or the Articles of Incorporation has been done.

In cases where any act mentioned in the preceding paragraph has been done in accordance with the resolution of the board of directors, the directors who have assented to such resolution shall be deemed to have done such act.

The directors who have participated in the resolution mentioned in the preceding paragraph and who have not expressed their dissent in the minutes shall be presumed to have assented to such resolution.

The liability of directors mentioned in the first paragraph cannot be released except by the unanimous consent of all the shareholders.

The liability of directors in respect to the transaction mentioned in item 4 of the first paragraph may be released

by the majority of two-thirds of the total number of the issued shares, notwithstanding the provisions of the preceding paragraph. In this case, the directors shall indicate all material facts as to such transaction at a general meeting of shareholders.

The following two Articles shall be added next to Art. 266:

Article 266-2. The provisions of the first paragraph of the preceding Article shall, in the case of item 1 of the same paragraph, not preclude the directors who have effected performance in respect to the amount mentioned in the same paragraph from availing themselves of the right to obtain reimbursement from the shareholders in bad faith.

Article 266-3. If directors have been guilty or wrongful intent or of gross negligence in respect to the assumption of their duties, they shall be jointly and severally liable in damages to third persons also. The same shall also apply in the cases where a false statement has been made in respect to any material particulars of any prospectus or of documents prescribed in Art. 281 para. 1, or where a false public notice or book entry has been made.

The provisions of Art. 266 paras. 2 and 3 shall apply with the necessary modifications to the cases mentioned in the preceding paragraph.

Art. 267 shall be amended as follows:

Article 267. Any shareholder may demand, in writing, of the company for instituting an action against directors.

In case the company has failed to institute such action within 30 days from the date on which the demand mentioned in the preceding paragraph was made, any shareholder may himself institute such action on behalf of the company.

In case irreparable damage may be caused to the company by the expiration of the period provided in the preceding paragraph, any shareholder may immediately institute the action mentioned in the preceding paragraph, notwithstanding the provisions of the preceding two paragraphs.

Art. 268 shall be amended as follows:

Article 268. The action which has been brought against directors by the company or shareholders shall be under the exclusive jurisdiction of the district court at the seat of the principal office.

Shareholders or the company may intervene in the action mentioned in the preceding paragraph, but this shall not apply in cases where such intervention would unduly delay the case or be unduly burden on the court facilities.

The shareholders instituting an action mentioned in the second paragraph of the preceding Article shall, after having brought an action, notify the case to the company without delay.

The following two Articles shall be added next to Art. 268:

Article 268-2. If, in cases where shareholders who have brought an action mentioned in Art. 267 para. 2 have won the case, they are to pay the remuneration to lawyers, they may demand of the company for the payment of the reasonable amount within the scope of the amount of such remuneration.

In case the shareholders have lost the case, they shall not be liable in damages to the company, unless they have been guilty of wrongful intent.

The provisions of the preceding two paragraphs shall apply with the necessary modifications to the shareholders who have intervened in the action in accordance with the provisions of the second paragraph of the preceding Article.

Article 268-3. If, in cases where an action mentioned in Art. 268 para. 1 has been brought, the plaintiff and defendant have caused judgment to be rendered by their collusion for the purpose of prejudicing the right of the company which is the subject-matter of the case, the company or shareholders may lodge protest against the final and binding judgment in compliance with petition for renewal of procedure.

The provisions of the preceding Article shall apply with the necessary modifications to the action mentioned in the preceding paragraph.

In Art. 270 para. 1, "or rescinding a resolution by which a director has been appointed" shall be amended as "rescinding a resolution by which a director has been appointed, or for removing a

director."

Art. 272 shall be amended as follows:

Article 272. In case a director does an act which is not within the scope of the objects of the company, or an act against any law or ordinance or the Articles of Incorporation, and thereby there is any fear of doing irreparable damage to the company, any shareholder may demand of a director for the stoppage of such act on behalf of the company.

"Sub-Section III Auditor (kansayaku)" shall be amended as "Sub-Section III Auditor (kaikei-kansayaku)."

In Art. 273, "two years" shall be amended as "one year."

Art. 274 shall be amended as follows:

Article 274. An auditor (kaikei-kansayaku) may at any time inspect or make extracts from the books, records and documents of accounts, or may call on the directors for a report thereof.

An auditor (kaikei-kansayaku) may, when it is especially necessary for the purpose of assuming his duties, investigate the affairs of the company and the state of its property.

In Art. 275, "auditors (kansayaku)" and "any documents" shall respectively be amended as "auditors (kaikei-kansayaku)" and "documents of accounts."

In Art. 276 para. 1, "an auditor (kansayaku)" shall be amended as "an auditor (kaikei-kansayaku)", "or any other employees" shall be added next to "a manager", and the proviso of the same paragraph of the same Article and the second and third paragraphs of the same Article shall be deleted.

Art. 277 shall be amended as follows:

Article 277. If auditors (kaikei-kansayaku) have neglected any their duties, such auditors (kaikei-kansayaku) shall be jointly and severally liable in damages to the company.

In Art. 278, "auditors (kansayaku)" shall be amended as "auditors (kaikei-kansayaku)."

Art. 279 shall be amended as follows:

Article 279. Deleted.

Art. 280 shall be amended as follows:

Article 280. The provisions of Art. 254, the proviso of Art. 256-2, Art.

257, Art. 258, Art. 266 para. 4 and Arts. 267 to 270 inclusive shall apply with the necessary modifications to auditors (kaikei-kansayaku).

The following one Section shall be added next to Art. 280:

Section III-2
Issuance of New Shares

Article 280-2. In the case of issuing shares after the incorporation of the company, the following matters except those as provided in the Articles of Incorporation shall be determined by the board of directors, unless otherwise provided in this Code, or unless it is provided in the Articles of Incorporation that such matters shall be determined by a general meeting of shareholders:

1. Whether new shares are those having par value or those without par value, the class, whether or not they are convertible, and the number;
2. The issue-price of new shares and the date fixed for the payment thereon;
3. The full names of the persons whose contributions are in the form of property other than money, the property forming the subject-matter of such contributions, the value of such property, whether shares to be given therefor are those having par value or those without par value, the class and the number;
4. The amount not credited to the stated capital out of the issue-price of the shares without par value.

Article. 280-3. The price and other terms and conditions of the issuance of shares distributed at any one issuance shall be uniform as to all shares then being issued, but this shall not apply in cases where it is necessary to issue to persons having the pre-emptive right upon more favourable terms than issued to the general public or to change issued-prices uniformly as to the remaining unsubscribed shares because of market conditions or other economic conditions, or where there exist any other justifiable causes.

Article 280-4. The Articles of Incorporation or the resolution privided in Arts. 343 and/or 345 shall be required in order to grant the pre-emptive right to shareholders or third persons.

The provisions of the preceding paragraph shall not preclude granting a pre-emptive right to shareholders uniformly by the resolution of the board of directors.

Article 280-5. If there is any person who has a pre-emptive right, such person shall be notified whether the shares on which he has the pre-emptive right are those having par value or those without par value, the class and the number, and to the effect that his rights shall be forfeited, if he fails to subscribe for shares on or before the fixed date.

In cases where the company has issued share certificates to bearer, it shall give public notice of the particulars mentioned in the preceding paragraph.

The notice or publich notice mentioned in the preceding two paragraphs shall be given at least one month prior to the date mentioned in the first paragraph.

If any person who has the pre-emptive right fails to subscribe for shares on or before the date notwithstanding that the campany has given the notice or public notice, he shall forfeit such right.

Article 280-6. The application form shall be prepared by the directors, and shall contain the following matters:

1. The particulars mentioned in Art. 166 para. 1 items 2 and 3;
2. The total number of the issued shares, wheter they are those having par value or those without par value, the class and the number; and the amount of the stated capital;
3. The particulars mentioned in Art. 280-2;
4. The amount of each share, if new shares are those having par value;
5. The particulars mentioned in Art. 175 para. 2 item 11.

Article 280-7. Any person who has subscribed for new shares shall pay the full amount of the issue-price of each share on or before the date fixed for the panyment thereon.

Article 280-8. In case there is any person who makes contributions in the form of property other than money, the directors shall apply to the Court for the appoitment of an inspector whose duty it shall be to make investigations regarding the particulars mentioned in Art. 280-2 item 3. But this shall not apply in cases where the number of shares to be given for such person does not exceed one-twentieth of the total number of the issued shares.

In case the Court has recognized the particulars mentioned in the preceding paragraph to be improper after hearing the report from the inspector, it may give necessary alteration to them and inform the directors and persons contributing property other than money of that ecffect.

In case persons contributing property other than money have objection to the alteration mentioned in the preceding paragraph, they may cancel their subscription for share.

In case the cancellation mentioned in the preceding paragraph is not made within two weeks after the information, the particulars mentioned in the first paragraph shall be deemed to have been altered in accordance with such information.

Article 280-9. Persons having subscribed for new shares, who have made the payment or the delivery of the property other than money, shall become shareholders from the date of such payment or delivery.

In case persons having subscribed for new shares have not made the payment or the delivery of the property other than money on or before the date mentioned in the preceding paragraph, their rights shall be forfeited.

The provisions of the preceding paragraph shall not affect any claim for damages against persons who have subscribed for new shares.

Article 280-10. If the company issues shares either in contravention of any law or ordinance or of the Articles of Incorporation or in a grossly unfair manner or at a grossly unfair price and there is any fear of shareholders suffering pecuniary disadvantage thereby, such shareholders may demand of the company for the suspension of such issuance.

Article 280-11. Any person who in collusion with any director has subscribed for shares at a grossly unfair price shall be liable to pay to the company an amount equivalent to the difference between a fair issue-price and such unfair issue-price.

The provisions of Arts. 267 to 268-3 inclusive shall apply with the necessary modifications to the action for the payment mentioned in the preceding paragraph.

Articel 280-12. After six months has elapsed from the date of the registration of alteration due to the issuanace of new shares, no person who has subscribed for new shares may assert the nullity of his subscription by reason of mistake or non-compliance with any of the requirements

as to the application form for shares, nor may rescind his subscription on the ground of fraud or coercion. The same shall apply in cases where he has exercised his right in respect to such shares.

Article 280-13. In cases where there are shares which have not been subscribed for even after the making of the registration of alteration due to the issuance of new shares, the directors shall be deemed to have jointly subscribed for such shares. The same shall apply where the subscription for shares has been rescinded.

The provisions of the preceding paragraph shall not affect any claim for damages against the directors.

The Article 280-14. The provisions of Art. 175 paras. 1, 3 and 4, Art. 176, Art. 177 paras. 2 and 3, Art. 178, Art. 189 and Art. 190 para. 1 shall apply with the necesssary modifications to the case of the issuance of new shares.

The provisions of Art. 190 para. 2 shall apply with the necessary modifications to directors.

Article 280-15. The nullity of the issuance of new shares may only be asserted by means of an action within six months from the day of the issuance of new shares.

The action mentioned in the preceding paragraph may only be brought by shareholders or directors.

Article 280-16. The provisions of Art. 88, Art. 105 paras. 2 to 4 inclusive, Art. 109 and Art. 137 shall apply with the necessary modifications to the action mentioned in the preceding Article.

Article 280-17. When a judgment declaring the nullity of the issuance of new shares has become finally binding, such shares shall be deprived of validity for the future.

In the case mentioned in the preceding paragraph, the company shall without delay give public notice to that effect and to the effect that the share certificates must be surrendered to the company within a fixed period, and shall separately notify to such effect each of the shareholders and of the pledgees who are entered in the register of shareholders; such period, however, shall not be less than three months.

Article 280-18. In the case mentioned in the first paragraph of the preceding Article, the company shall refund to each shareholder of new shares the amount paid by him.

If the amount mentioned in the preceding paragraph is substantially

unreasonable in view of the state of the property of the company at the time when the judgment mentioned in the first paragraph of the preceding Article has become finally binding, the Court may order, on the application of the company or of such shareholder mentioned in the same paragraph, the increase or decrease of the amount mentioned in the same paragraph.

The provisions of Art. 208 and Art. 209 paras. 1 and 2 shall apply with the necessary modifications to the case mentioned in the first paragraph.

In Arts. 281 and 282, "auditiors (kansayaku)" shall be amended as "auditors (kaikei-kansayaku)".

Art. 284 shall be amended as follow:

Article 284. Except as otherwise provided in this Code, the stated capital of a company shall be equal to the total amount of the face value of all the issued shares having par value and the total amount of the issued-prices of all the issued shares without par value.

As to the shares without par value, an amount not exceeding one-fourth of the issue-price thereof may not be credited to the stated capital; the same shall also applly to an amount which exceeds the minimum issue-price and does not exceed one-fourth of the issue-price when shares without par value are to be issued at the time of incorporation.

The following one Article shall be added next to Article 286:

Article 286-2. If shares are issued after the coming into existence of the company, the amount of expenses necessary for such issuance may be entered on the assets side of the balance sheet. In such case, amortization at least equivalent to the amounts so expended shall be effected at each period for the settlement of accounts within three years after the company has issued the shares.

In Art. 288 para. 1, "a reserve fund" shall be amended as "an earned surplus", and the second paragraph of the same Article shall be deleted.

The following one Article shall be added next to Article 288:

Article 288-2. The amounts mentioned in the following shall be set aside as the capital surplus:

1. When the shares having par value have been issued above their face value; the amount exceeding the face value;
2. When a portion of the issue-price of the shares without par value has not been credited to the stated capital, the amount thereof;

3. The amount made by deducting the depreciation in value due to revaluation from the appreciation in value due to revaluation of the property in the fiscal period;
4. When the reduced portion of the capital by reduction exceeds the amount needed for the amortization or refundment of the shares and the amount used for making good deficiencies, such amount in excess;
5. When the value of property succeeded to from the company which ceased to exist in consequence of amalgamation exceeds the amount of the obligations succeeded to from such company and the amount refunded to the shareholders of such company and the amount of the increased capital of the company which continues to exist after the amalgamation or the amount of the stated capital of the company formed by amalgamation, the amount in excess.

Art. 289 shall be amended as follows:

Article 289. The reserve fund mentioned in the preceding two Articles shall not be used except for making good deficiencies of the stated capital. But the same shall not apply to the case prescribed in Art. 290-3 para. 1.

A capital surplus shall not be used for making good deficiencies of the stated capital unless such deficiencies are wholly made good with an earned surplus.

In Art. 290, "prescribed in Art. 288 para. 1" shall be deleted.

The following three Articles shall be added next to Article 290:

Article 290-2. The company may make the whole or a part of distribution of profits with shares to be issued newly in accordance with the resolution provided in Arts. 343 and 345.

If the amount of profits to be distributed in accordance with the provisions of the preceding paragraph is less than the amount of one share having par value or the issue-price of one share without par value, the provisions of the same paragraph shall not apply to such portion.

The distribution mentioned in the first paragraph shall be made at the face value, if such distribution is to be made with shares having par value and at the issue-price to be determined by the resolution mentioned in the same paragraph, if with shares without par value.

The provisions of Art. 284 para. 2 shall not apply to the shares to be issued in accordance with the provisions of the first paragraph.

A shareholder who has been distributed the dividend in the shape of shares mentioned in the first paragraph shall be the shareholder of the new shares from the day when the general meeting at which the resolution mentioned in the same paragraph has been adopted was ended.

When the resolution mentioned in the first paragraph has been adopted, the directors shall without delay notify to the shareholder to be distributed the dividend mentioned in the same paragraph, whether the shares to be distributed to him are those having par value or those without par value and their classes and number, and in cases where share certificates to bearer have been issued, public notice of the contents of the resolution mentioned in the same paragraph shall be given.

Article 290-3. The company may credit the whole or a part of the reserve fund to the stated capital by a resolution of the board of directors.

In the case mentioned in the preceding paragraph, the company may issue new shares to a shareholder in proportion to the number of the shares owned by him.

A shareholder shall be the shareholder of new shares from the day when the resolution mentioned in the first paragraph was adopted.

The provisions of the sixth paragraph of the preceding Article shall apply with the necessary modifications to the case mentioned in the second paragraph.

Article 290-4. The company may split up the shares by a resolution of the board of directors.

If, in the case mentioned in the preceding paragraph it is necessary to surrender the share certificates, the provisions of Arts. 377, 378 and Art. 379 para. 3 shall apply with the necessary modifications to the case mentioned in the preceding paragraph.

In Art. 291 para. 1, there shall be added "on any or all of its shares" next to "prior to the commencement of the whole of the business" and the proviso shall be deleted, in the third paragraph of the same Article, "six per cent" shall be amended as "six per cent of the total amount of the stated capital par annum," and the following one paragraph shall be added next to the second paragraph of the same Article:

Of shares to be issued within the period for the distribution of interest mentioned in the first paragraph, the issue-price of those for which interest is to be distributed, shall not be less than twenty times as much

as the annual sum of the interest as provided in the said paragraph.

Art. 292 shall be amended as follows:

Article 292. Deleted.

In Art. 294 para. 1, "the capital continuously for the last three months" shall be amended as "the total number of the issued shares," and in the third paragraph of the same Article, "auditors (kansayaku)" shall be amended as "representing directors".

Art. 296 shall be amended as follows:

Article 296. The company may invite subscriptions for debentures by a resolution of the board of directors.

Art. 297 para. 1 shall be amended as follows, and in the second paragraph of the same Article, there shall be added "and the reserve fund" next to "capital".

Subscription for debentures shall not be invited more than the total amount of the stated capital and the reserve fund.

In Art. 301 para. 2 item 10, "and the reserve fund" shall be added next to "capital."

In Art. 324 para. 1, "Art. 343 paras. 1 to 3 and Art. 344 paras. 2 and 3" shall be amended as "Art. 343 paras. 1 to 4 and Art. 344."

Art. 337 para. 2 shall be deleted.

The following one Sub-Section shall be added next to Article 341:

Sub-Section III
Convertible Debentures

Article 341-2. The company may issue convertible debentures.

In the case mentioned in the preceding paragraph, the conditions of conversion, whether they are shares having par value or shares without par value and the particulars as to the share to be issued by the conversion, and the period within which a demand for conversion may be made shall be determined by the Articles of Incorporation or by the resolution mentioned in Article 343.

The provisions of Art. 222-2 para. 2 shall apply with the necessary modifications to the case mentioned in the first paragraph.

Article 341-3. With regard to convertible debentures, the following particulars shall be stated in the application form for debentures, the

debenture certificates and the register of debentures:

1. That the debenture may be converted into a share or shares;
2. The conditions of conversion;
3. Whether they are shares having par value or shares without par value and the particulars as to shares to be issued by conversion;
4. The period within which a demand for conversion may be made.

As regards the registration of debentures, the particulars mentioned in the preceding paragraph shall be registered.

Article 341-4. A person who demands conversion shall present to the company two copies of a written application together with the debenture certificates.

The written application mentioned in the preceding paragraph shall designate the debenture to be converted and state the date of application and shall be duly signed.

Article 341-5. The provisions of Arts. 208, 222-3, 222-6 and 222-7 shall apply with the necessary modifications to the case of the conversion of debentures.

Arts. 343 and 344 shall be amended as follows:

Article 343. The resolution mentioned in the first paragraph of the preceding Article shall be adopted by a majority of two-thirds of the votes of the shareholders present representing more than one-half of the total number of the issued shares.

If the shareholders representing more than one-half of the total number of the issued shares fail to be present in the case mentioned in the preceding paragraph, a provisional resolution may be adopted by a majority of two-thirds of the votes of the shareholders present. In such case, notice shall be despatched to each shareholder of the tenor of the provisional resolution, and in cases where share certificates to bearer have been issued, public notice of the same tenor shall also be given, and within two months from the day when the provisional resolution was adopted a second general meeting shall be convened for the approval.

When the provisional resolution was approved at the second general meeting of shareholders, the resolution mentioned in the first paragraph shall be deemed to have been adopted at the time of the approval.

The approval mentioned in the preceding paragraph shall be given by a majority of two-thirds of the votes of shareholders present.

The provisions of the preceding three paragraphs shall not apply in cases where the business forming the object of the company is to be altered.

Article 344. The provisions of Art. 340 shall apply with the necessary modifications to the resolution and the provisional resolution mentioned in the preceding Article.

Art. 345 para. 2 shall be amended as follows:

The resolution of general meeting of the holders of certain classes of shares shall be adopted by a majority of two-thirds of the votes of the shareholders present representing not less than one-half of the total number of the issued shares convening such particular class of shareholders.

In Art. 346, "in cases where any resolution mentioned in Art. 222 para. 2 is adopted and" shall be deleted, and next to "by" there shall be added "the reduction of capital or."

Art. 347 shall be amended as follows:

Article 374. The company shall not increase the total number of its shares so as to exceed four times of the total number of the issued shares.

Arts. 348 to 374 shall be amended as follows:

Article 348 to 374 inclusive. Deleted.

Next to Article 374, there shall be added as a section name "Section VI-2 Reduction of Stated Capital".

Art. 375 shall be amended as follows:

Article 375. The reduction of a stated capital shall be effected by a resolution as provided in Article 343.

In Art. 380 para. 1, "the reduction of the capital" shall be amended as "the alteration due to the reduction of the stated capital," in the second paragraph of the same Article, ", and auditor" shall be deleted, and in the third paragraph of the same Article, "Arts. 106, 107, 109, 137 and 249" shall be amended as "Art. 109 and 137."

In Art. 381 para. 1, ", an auditor" shall be deleted, "one-tenth of the total amount of the capital of the company continuously for the last three months" shall be amended as "three-hundredths of the total number of the issued shares," and the third paragraph of the same Article shall be deleted.

Art. 382 shall be amended as follows:

Article 382. When an order for the institution of a re-organization has been made, the registration of the institution of the re-organization

shall forthwith be effected in the Registries which have jurisdiction over the seat of the principal office and of each branch office.

In Art. 386, "auditor (kansayaku)" shall be amended as "auditor (kaikei-kansayaku)."

In Art. 387 para. 1, "the Court has effected" shall be deleted, and next to "11 of the first paragraph of the preceding Article," there shall be added "has been effected," and "it must forthwith commission" shall be amended as "the registration thereof shall forthwith be effected in" and "to effect registration thereof" shall be deleted, and in the second paragraph of the same Article, "the Court shall forthwith commission the competent authorities to effect its registration" shall be amended as "the registration shall forthwith be effected thereof."

In Art. 388 para. 2, "auditor (kansayaku)" shall be amended as "auditor (kaikei-kansayaku)."

In Art. 389 item 2, "auditor (kansayaku)" shall be amended as "auditor (kaikei-kansayaku)," "Art. 193, 266, 280 or 356" shall be amended as "Art. 193 para. 1, Art. 266 or 277", and in item 5 of the same Article, "auditor (kansayaku)" shall be amended as "auditor (kaikei-kansayaku)."

In Art. 390 para. 1 "auditors (kansayaku)" shall be amended as "auditors (kaikei-kansayaku)," and in the second paragraph of the same Article, "a bailiff or of a police officer" shall be amended as "a bailiff (shikkori), police personnel (keisatsukan) or police personnel (keisatsuriin)."

In Art. 398 para. 2, "Art. 371" shall be amended as "Art. 280-15."

Art. 404 item 3 shall be deleted.

The following one Article shall be added next to Article 406:

Article 406-2. If, in cases mentioned in the following, there exist unavoidable reasons shareholders who have owned shares representing not less than one-tenth of the total number of the issued shares may demand the dissolution of the company of the Court.

1. That the company is deadlocked in the management of the corporate affairs, and that irreparable injury to the company is being suffered or is threatened;
2. That the managing or disposing of the company's property is grossly improper and the existence of the company is being in danger thereby.

The provisions of Art. 112 para. 2 shall apply with the necessary mo-

difications to the case mentioned in the preceding paragraph.

The following one Article shall be added next to Art. 408:

Article 408-2. Any shareholder of the company which is a party to a merger or consolidation who shall have notified in writing to such company, prior to the general meeting of shareholders mentioned in the first paragraph of the preceding Article, of his intention to be against the agreement of merger or consolidation and have been against approval of such agreement at the general meeting, may make demand of the old company for the payment of the fair value of his shares at which the shares would have been valued but for such resolution of the approval.

The provisions of Arts. 245-3 and 245-4 shall apply with the necessary modifications to the case mentioned in the preceding paragraph.

Art. 409 items 1 to 5 inclusive shall be amended as follows:

1. If the company which is to continue to exist increases the total number of shares to be issued by such company due to the amalgamation, the total number of shares to be increased, whether they are shares having par value or shares without par value, the class and the number;
2. The amount of the stated capital and the reserve fund to be increased by the company which is to continue to exist;
3. In respect of new shares to be issued as the result of amalgamation by the company which is to continue to exist, the total number, whether they are shares having par value or shares without par value, the class and the number as well as any other particulars relating to the allotment of the new shares to be given for the shareholders of the company which ceases to exist;
4. If any provision has been made as to the amount payable to the shareholders of the company which ceases to exist due to the amalgamation, such provision;
5. The date of the general meeting of shareholders to be hold respectively by each company at which the resolution mentioned in Art. 408 para. 1 is to be adopted;
6. If any provision has been made as to the date on which the amalgamation is to be effected, such provision.

Art. 410 items 1 to 4 inclusive shall be amended as follows:

1. In respect of the company to be formed by amalgamation, the matters

mentioned in Art. 166 para. 1 items 1 to 4 inclusive, the class and the number as well as the seat of the principal office, if two or more classes of shares are to be issued;

2. The amount of tha stated capital and the reserve fund of the company to be formed by amalgamation;
3. In respect of shares to be issued at the time of amalgamation by the company to be formed by amalgamation, the total number, whether they are shares having par value or shares without par value, the class and the number, and also any other particulars relating to the allotment of shares to be issued to the shareholders each company;
4. If any provision has been made as to the amount payable to the shareholders of each company, such provision;
5. The particulars mentioned in items 5 and 6 of the preceding Article.

Art. 412 para. 2 shall be amended as follows:

Any shareholders of the old company who have taken shares to be issued as the result of amalgamation shall have the same right as the shareholders at the general meeting mentioned in the preceding paragraph.

In Art. 415, "auditor" shall be deleted.

In Art. 416 para. 1, "and Arts. 105 to 111" shall be amended as "Art. 105, and Arts. 108 to 111."

In Art. 417 para. 1, "the directors" shall be amended as "the particular director who shall represent the company."

In Art. 420, "auditors (kansayaku)" shall be amended as "auditors (kaikei-kansayaku)."

In Art. 425, "in proportion to" shall be amended as "according to."

In Art. 426 para. 2, "an auditor or of any shareholder who has been holding shares representing not less than one-tenth of the total amount of the capital continuously for the last three months" shall be amended as "any shareholder who has been holding shares representing not less than three-hundredths of the total number of the issued shares."

Art. 427 para. 2 shall be deleted.

In Art. 430 para. 2, "director or auditor" shall be amended as "or director."

Art. 430 para. 2 shall be amended as follows:

The provisions of Arts. 231, 237, 238, Art. 244 para. 2, Arts. 247, 254-2, 258 to 261-2, 263 to 263-3, 265 to 272-2, 274 to 276, 278, 282 and

283 shall apply with the necessary modifications to a liquidator.

In Art. 431 para. 1, "auditor" shall be deleted and in the third paragraph of the same Article "and para. 3" shall be deleted.

In Art. 442 para. 1, "Art. 239 para. 3" shall be amended as "Art. 239 paras. 3 and 4."

In Art. 452 para. 1, "auditor (kansayaku)" shall be deleted and "one-tenth of the total amount of the capital continuously for the last three months" shall be amended as "three per cent of the total number of the issued shares."

In Art. 453, "auditor (kansayaku)" shall be amended as "auditor (kaikei-kansayaku)"; in item 1 of the same Article, "Art. 193" and "Arts. 280, 356" shall respectively be amended as "Art. 193 para. 1" and "Art. 277."

In Art. 454 para. 1, "auditor (kansayaku)" or "auditors" shall be amended as "auditor (kaikei-kansayaku)" or "auditors (kaikei-kansayaku)".

Book II Chapter V shall be amended as follows:

Chapter V

(Deleted)

Art. 457 to 478 inclusive. Deleted.

Art. 479 shall be amended as follows:

Article 479. If a foreign company intends to engage in commercial transactions as a continuing business in Japan, it shall appoint a representative in Japan and establish an office of business at the residence of such representative or at any other place designated by him.

In the case mentioned in the preceding paragraph, such foreign company shall, in respect to its office of business, make a registration and give a publich notice. Such registration and public notice shall be governed by the provisions as to the same registration and the same public notice as a branch office of a company formed in Japan either of the same nature or of the kind which it most closely resembles.

A foreign company shall make due registration of the name of the country or political subdivision thereof, under the laws of which it is organized, the full name and permanent residence of its represen-

tative in Japan simultaneously with the registration mentioned in the preceding paragraph.

The provisions of Art. 78 shall apply with the necessary modifications to such representative of a foreign company.

In Art. 480, "the first and second paragraphs of the preceding Article" shall be amended as "the second and third paragraphs of the preceding Article".

Art. 481 shall be amended as follows:

Article 481. A foreign company shalll not engage in commercial transactions as a continuing business in Japan until it has made the registration mentioned in Article 479.

Any person who has engaged in commercial transactions in contravention of the provisions of the preceding paragraph shall jointly and severally be liable with the company for any commercial transactions handled by him.

In Art. 483, "Art. 308 and Art. 370 para. 3" and "branch office" shall respectively be amended as "Art. 308" and "office of business".

Art. 484 shall be amended as follows:

Article 484. The Court may order an office of business of a foreign company to be closed on the application of the Attorney-General in the following cases:

1. If the registration of such office of business has been made with any illegal object;
2. If such office of business has failed, without just cause, to commence business within one year of the registration provided for in Art. 479, has discountinued business for a period of not less than one year or has, without just cause, suspended payment;
3. If the representative of such foreign company or any other person administering the affairs thereof has done any act to exceed or abuse the authority conferred upon him by laws and ordinances or any act to violate any article or articles of the criminal laws or ordinances after a written demand to discontinue the same has been delivered by the Attorney-General to such representative or such person, either personally or by mail.

The provisions of Art. 58 para. 2 shall apply to the case mentioned in the preceding paragraph.

In Art. 485 para. 1, "or second paragraph" shall be deleted and "branch

office" shall be amended as "office of business".

The following one Article shall be added next to Art. 485:

Article 485-2. A foreign company shall be deemed to be a company formed in Japan either of the same nature or of the kind which it most closely resembles, insofar as the application of other laws concerned, but this shall not apply in cases where it is otherwise provided in laws.

In Art. 485, "members with unlimited liability administering the affairs of a kabushiki-goshi-kaisha," "or of a kabushiki-goshi-kaisha" and ", Art. 272 para. 1" shall be deleted; "auditor (kansayaku)" and "ten thousand yen" shall respectively be amended as "auditors (kaikei-kansayaku)" and "five hundred thousand yen".

In Art. 487, "five thousand yen" shall be amended as "three hundred thounsand yen".

In Art. 489, "five thousand yen" shall be amended as "three hundred thousand yen"; item 1 of the same Article shall be amended as follows:

1. If they have made an untrue statement to or have concealed facts from the Court or the general meeting in respect of any of the particulars mentioned in Art. 168 para. 1, Art. 184 para. 1 or Art. 280-2 item 3;

In Art. 490 para. 1, "five thousand yen" shall be amended as "three hundred thousand yen".

In Art. 491, "on shares" shall be deleted and "five thousand yen" shall be amended as "three hundred thousand yen".

In Art. 493 para. 1, "three thousand yen" shall be amended as "two hundred thousand yen".

In Art. 494 para. 1, "one thousand yen" shall be amended as "two hundred thousand yen", in item 2 of the same paragraph, "and Chapter V" shall be deleted and "one-tenth of the capital" shall be amended as "three per cent of the total number of the issued shares".

In Art. 497, "on shares" shall be deleted and "one thousand yen" shall be amended as "fifty thousand yen".

In Art. 498, "auditors (kansayaku)" and "five thousand yen" shall respectively be amended as "auditors (kaikei-kansayaku)" and "three hundred thousand yen" and "or of a kabushiki-goshi-kaisya" and "Art. 272 para. 1" shall be deleted; in item 3 of the same Article, "or copying"

shall be added next to "inspection"; in item 9 of the same Articles, "Art. 350, Art. 360 para. 1, Art. 366 para. 1 or of Art. 460 para. 2" shall be amended as "Art. 280-6, Art. 222-4 para. 1 or Art. 341-3 para. 1"; in item 10 of the same Article ", Art. 370 para. 2" shall be amended as "Art. 284-14 para. 2"; "Art. 370 para. 3" in item 15 of the same Article and "the list of shareholders" in item 19 of the same Article shall be deleted; in item 19, ", the statement mentioned in Art. 263-2 para. 1" shall be added next to "the books mentioned in Art. 32 para. 1", in item 20 of the same Article, "Art. 263-2 para. 1" shall be added next to "Art. 263 para. 1" and, in item 21 of the same Article, ", Art. 288-2" shall be added next to "Art. 288"; in item 29 of the same Article, "or para. 2" shall be deleted.

The following two Articles shall be added next to Art. 498:

Article 498-2. Any person who has engaged in commercial transactions in the name of a company before it comes into existence shall be liable to an administrative penalty of the same sum as that of the registration tax to be imposed at the time of formation of a company.

Article 498-3. The provisions of the preceding Article shall apply with the necessary modifications to the person who has done acts in contravention of the provisions of Art. 281.

Supplementary Provision:

The date of enforcement of the present Law shall be determined by Law.