

## **CHAPTER III JURISTIC PERSONS**

### **SECTION 1 General Provisions**

#### **Article 31 (Rule to Formation of Juristic Person)**

No juristic person can come into existence other than in accordance with the provisions of the Acts.

#### **Article 32 (Incorporation of Non-profit-making Juristic Person and Permission thereof)**

An association or foundation relating to science, religion, charity, art, social intercourse, or otherwise relating to enterprises not engaged for profit or gain, may be formed as a juristic person subject to the permission of the competent authorities.

#### **Article 33 (Registration for Incorporation of Juristic Person)**

A juristic person shall come into existence by making registration for Incorporation at the seat of the principal office of the juristic person.

#### **Article 34 (Legal Capacity of Juristic Person)**

A juristic person shall be a subject of rights and duties, in accordance with the provisions of Acts, and within the scope of its objects as determined by the Articles of incorporation.

#### **Article 35 (Capacity of Juristic Person to Assume Responsibility for Unlawful Act)**

(1) A juristic person shall be liable for any damages done to other persons by its directors or other representatives in the performance of their duties. This liability of a juristic person shall not relieve the directors or other representatives of their own liabilities for damages sustained thereby.

(2) If any damage has been caused to other persons as a result of an ultra-vires act of a juristic person, those members, directors, and other representatives who have supported a resolution for such ultra-vires act, or have carried it out, shall be joint and severally liable for the damages caused thereby.

#### **Article 36 (Domicile of Juristic Person)**

The domicile of a juristic person shall be regarded to be located in the seat of its principal office.

#### **Article 37 (Inspection and Supervision over Business of Juristic Person)**

The business of a juristic person shall be inspected and supervised by the competent authorities.

#### **Article 38 (Cancellation of Permission for Incorporation of Juristic Person)**

In a case where a juristic person operates such business outside the scope of its purpose, violates such conditions attached to the permission for its incorporation, or does acts harming public interests, the competent authorities may cancel the permission.

#### **Article 39 (Profit-making Juristic Person)**

(1) An association which aims at profit-making may be made a juristic person in accordance with the conditions prescribed for the formation of trading companies. (2) All the provisions concerning business companies shall apply mutatis mutandis to the incorporated association under the preceding paragraph. SECTION 2 Incorporation

#### **Article 40 (Articles of Incorporated Association)**

The founder of an incorporated association shall draw up Articles of incorporation containing the following matters, and shall sign and seal it:

- 1.Objective;
- 2.Name;
- 3.Seat of Office;

4. Provisions concerning assets;
5. Provisions concerning appointment and removal of directors;
6. Provisions concerning the acquisition and loss of qualification for membership; and
7. Period for duration or cause of dissolution, if any.

**Article 41 (Restriction on Power of Representation of Directors)**

No restriction placed on the power of representation of any director has effect unless the restriction is stated in the Articles of incorporation.

**Article 42 (Alteration in Articles of Incorporated Association)**

(1) The Articles of an incorporated association may be altered only with the consent of two thirds or more of all the members: Provided, That other provisions concerning the quorum are stipulated in the Articles of incorporation, such provisions shall apply. (2) Any alteration in the Articles of incorporation shall not be effective unless it is permitted by the competent authorities.

**Article 43 (Articles of Incorporated Foundation)**

The founder of an incorporated foundation shall endow a certain property, and draw up Articles of incorporation containing the particulars mentioned in subparagraphs 1 through 5 of Article 40, and sign and seal it.

**Article 44 (Supplement for Articles of Incorporated Foundation)**

If the founder of an incorporated foundation died without determining the name, seat of office, or method of appointment and removal of its directors of the foundation, the court shall, on the application of any person interested or of a public prosecutor, determine those.

**Article 45 (Alteration in Articles of Incorporated Foundation)**

(1) The Articles of an incorporated foundation may be altered only in a case where the method of alteration thereof is stipulated in the Articles of incorporation. (2) If it is necessary to alter the articles of incorporation for the purpose of achieving the objective of an incorporated foundation, or for the preservation of its property, its name or its seat of office may be altered, regardless of the provisions of the preceding paragraph. (3) Article 42 (2) shall apply mutatis mutandis to the preceding two paragraphs.

**Article 46 (Alteration in Objectives, etc. of Incorporated Foundation)**

If it is impossible to achieve the objectives of an incorporated foundation, the founder or directors may alter the objectives or other particulars of the articles of incorporation, taking into consideration the purposes of the formation, subject to the permission of the competent authorities.

**Article 47 (Application of Provisions Relating to Gift and Testamentary Gift)**

(1) If an incorporated foundation is formed by a disposition inter vivos, the provisions relating to gifts shall apply mutatis mutandis. (2) If an incorporated foundation is formed by a will, the provisions relating to testamentary gift shall apply mutatis mutandis.

**Article 48 (Time of Belonging of Property Given by Endowment)**

(1) In a case where the incorporated foundation is formed through a disposition inter vivos, the property given by way of endowment shall become the property of the juristic person as from the time when the juristic person is incorporated. (2) In a case where the incorporated foundation is formed through a will, the property so given shall be deemed to have vested in the juristic person as from the time when the will became effective.

**Article 49 (Particulars to be Registered)**

(1) When the incorporation of a juristic person is permitted, the juristic person shall register its incorporation at the seat of its principal office within three weeks from the date of the permission. (2) The particulars to be registered under the preceding paragraph shall be as follows:

1.Objective; 2.Name; 3.Office; 4.Date of permission for incorporation; 5.Period of duration or causes of dissolution, if any; 6.Total value of the assets; 7.Method of effecting contributions, if any; 8.Full names and domiciles of directors; and 9.Any restriction in a case where restriction is placed upon the power of representation of directors.

**Article 50 (Registration for Establishment of Branch Office)**

(1) When a juristic person establishes a branch office, the establishment shall be registered within three weeks at the seat of the principal office. At the seat of the branch office, the particulars under paragraph (2) of the preceding Article, shall be registered within the same period. At the seat of other branch offices, the establishment shall be registered within the same period. (2) In a case where the branch office is newly established within the jurisdiction of a register office which exercises jurisdiction over the seat of the principal office, or the established branch office, only the establishment shall be registered within the period under the preceding paragraph.

**Article 51 (Registration for Transfer of Office)**

(1) In a case where the juristic person has transferred its office, such transfer shall be registered at the seat of the former office within three weeks, and the particulars mentioned in Article 49 (2) shall be registered at the seat of the new office within the same period. (2) In a case where an office has been transferred from one place to another within the jurisdiction of the same register office, only the transfer shall be registered.

**Article 52 (Registration for Alteration)**

In a case where any alteration has occurred in any of the particulars mentioned in Article 49 (2), the registration thereof shall be made within three weeks.

**Article 52-2 (Registration of Provisional Disposition Such as Suspension of Exercise of Duties)**

Where the exercise of director's duties is suspended, where a provisional disposition of appointing a proxy for duties is made, or where the provisional disposition is altered or cancelled, the registration thereof shall be made at the registry in the place where a principal office or branch office is located. [This Article Newly Inserted by Act No. 6544, Dec. 29, 2001]

**Article 53 (Reckoning of Period for Registration)**

If any of the particulars to be registered in accordance with the provisions of the preceding three Articles requires the permission of the authorities, the period for registration shall be computed from the date of the arrival of the permit in question.

**Article 54 (Effect of Registration Other than That for Incorporation and Public Notice of Particulars Registered)**

(1) Particulars to be registered in this Section other than that for incorporation purposes cannot be set up against a third party until such particulars are registered. (2) The court shall immediately give public notice of the particulars registered.

**Article 55 (Inventory of Assets and List of Members)**

(1) A juristic person shall, at the time of its formation and within three months of every year, prepare an inventory of assets and keep the same in its office. In a case where the special business term is fixed, the inventory shall be made at the time of its formation and at the end of the business term. (2) An incorporated association shall keep a list of members and revise the list whenever an alteration takes place in its membership.

**Article 56 (Prohibition of Assignment and Inheritance of Membership)**

The membership of an incorporated association shall not be assigned nor inherited.