

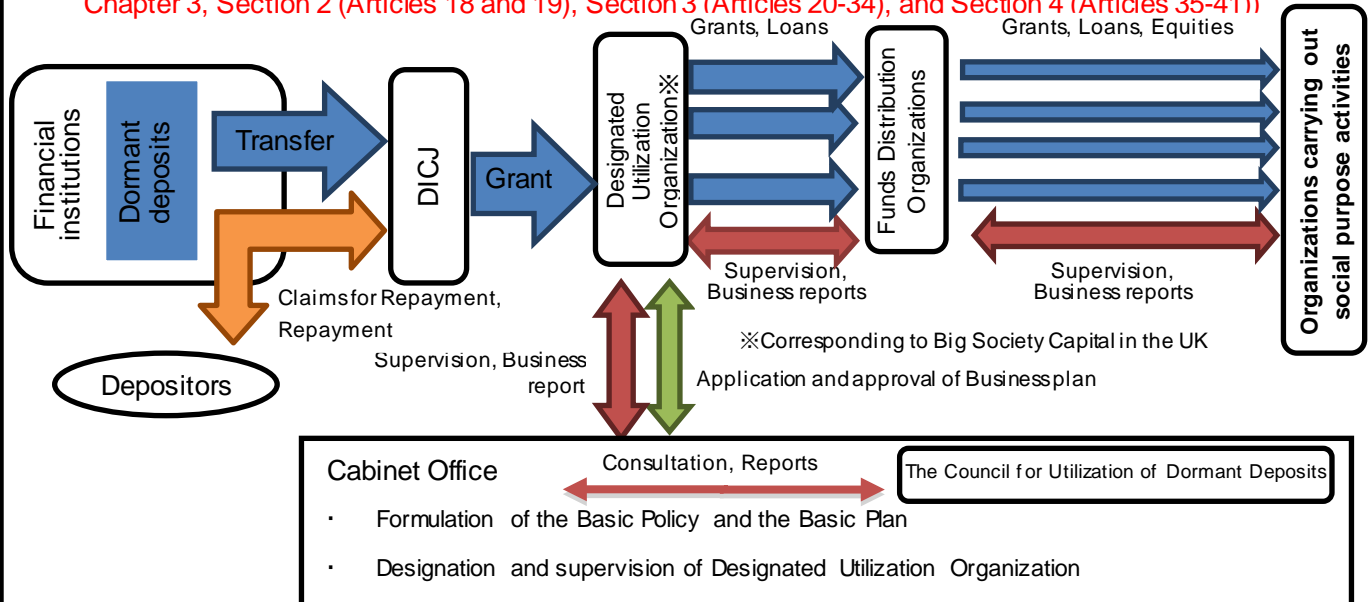
Outline of the Act on Utilization of Funds Related to Dormant Deposits to Promote Social Purpose Activities (Tentative)

1. Background of this Act

- Dormant deposits: Deposits that has shown no activity (deposits or withdrawals) for a period of 10 years or more.
 - ⇒ Approximately 120 billion yen in bank accounts become dormant every year (approximately 50 billion yen of these is repaid later) (average of FY 2014-2016)
- In light of the nature of deposits ((i) A resource for financial institutions to perform their public role, such as settlement or financial intermediation; (ii) Public funds are supposed to be used for deposit protection (for example, as deposit insurance); (iii) Used broadly by the General public), after making every effort to repay to depositors, dormant deposits should be returned to the society through utilizing them for promoting social purpose activities with major knock-on effects on society as a whole.

2. Outline of this Act

- (i) Basic philosophy on utilization of dormant deposits. (Articles 16 and 17)
 - Dormant deposits would be utilized to promote social purpose activities (activities conducted by private organizations intended to contribute to the public interest through resolving social issues that are difficult for national and local government to address, amid expectations of dramatic changes in economic and social conditions such as population decline and the ageing of society [activities related to the three fields of (i) support for children and young people; (ii) support for people who are economically, socially disadvantaged and people with disabilities; and (iii) support for community revitalization], and whose outcomes would contribute to social improvement.).
 - Efforts would be promoted to foster self-sustained leaders and develop an environment for embedding self-financing mechanism in the private-sector public interest activities.
 - In light of the fact that activities would be funded by individual property consideration would be given to properly reflecting wide range of opinions and efforts should be made to guarantee transparency in the utilization of funds.
 - Consideration should be given to ensuring that funds are not intensively invested in major cities or specific regions.
 - Consideration should be given to ensuring that private organizations fully demonstrate originality and ingenuity through selection of methods to effectively utilize the funds. These include grant for social purpose activities over multiple fiscal years and grant focused on outcomes that would encourage the development of innovative methods of resolving various issues faced by the society.
 - Religious organizations, political organizations, organized crime groups, and parties involved in such organizations would not be eligible to use the funds.
- (ii) System for transfer, management, and utilization of dormant deposits. (Chapter 2, Section 1 (Articles 3-8) and Chapter 3, Section 2 (Articles 18 and 19), Section 3 (Articles 20-34), and Section 4 (Articles 35-41))



- Depositors may always request repayment of substitute funds for dormant deposits (equivalent to principal plus interest) to the Deposit Insurance Corporation of Japan (financial institutions entrusted by the DICJ). (Article 7, paragraph 2)