

Japan DC Statement 27 March 2018

The Japan Determinations Committee (the **DC**) has determined that for the purposes of the 2014 Definitions, Mitsubishi Chemical Corporation (*mitsubishi kemikaru kabushikikaisha* in Japanese) (formerly known as Mitsubishi Rayon Co., Ltd.) ("**New MCC**") is the Universal Successor to Mitsubishi Chemical Corporation (*mitsubishi kagaku kabushikikaisha* in Japanese) (the "**Reference Entity**" or "**Old MCC**") pursuant to Section 2.2(a)(vii) thereof, in respect of which the Succession Date is 1 April 2017.

Capitalised terms used but undefined in this statement have the meaning given to them in the 2014 ISDA Credit Derivatives Definitions (the "**2014 Definitions**").

Background

Effective 1 April 2017, the Reference Entity, Mitsubishi Plastics, Inc. and New MCC merged together in an absorption-type merger with New MCC as the sole surviving corporation (the "**Merger**").

Analysis

For present purposes, Section 2.2(a)(vii) of the 2014 Definitions provides that an entity other than a Sovereign will be the Universal Successor to the Reference Entity if: (i) that entity assumes all of the obligations of the Reference Entity; (ii) at least one of the assumed obligations is a Relevant Obligation¹; and (iii) the Reference Entity has ceased to exist.

The DC understands that pursuant to Article 750 of the Companies Act of Japan, in an absorption-type merger, "*a Stock Company Surviving an Absorption-type Merger [in this case New MCC] shall succeed to the rights and obligations of the Company Disappearing in the Absorption-type Merger [in this case the Reference Entity and Mitsubishi Plastics, Inc.] on the Effective Day*".

Further, the DC understood from an inquiry with investor relations at Mitsubishi Chemical Holdings Corporation that at least one of the obligations assumed by New MCC pursuant to the Merger was a (non intra-group) unsubordinated loan obligation of Old MCC. This understanding was also supported by the public information (in particular, financial statements) reviewed by the DC.

Accordingly, the DC was of the view that:

- limbs (i) and (iii) above follow from the form of the Merger as an absorption-type merger under Japanese law;
- at least one of the assumed obligations was a Relevant Obligation, i.e. an unsubordinated borrowed money obligation of the Reference Entity² that is either a Bond or a Loan (but excluding any Bond or Loan which is outstanding between the Reference Entity and any of its affiliates (i.e. intra-group debt) or held by the Reference Entity); and
- therefore, New MCC is the Universal Successor to Old MCC.

¹ As defined in Section 2.2(f) of the 2014 Definitions.

² Note that for the Standard Japan Corporate (/Japan Corporate) Transaction Type, an "Obligation" of the Reference Entity is any borrowed money obligation of the Reference Entity that satisfies the "Not Subordinated" Obligation Characteristic.