

On the Practical Use of "Trust" in Case of Statutory Mergers of Corporations and Reductions of Capital

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In case of statutory mergers of corporations or reductions of capital, when the creditor objects to them, Corporation Law in Japan (The Commercial Law of 1934, §100) provides that the corporation must take one of three measures: Payment; Offer of Security; or "TRUST for the Creditor". This thesis is mainly devoted to "TRUST for the Creditor".

Construction

- (1) Details of the introduction of "TRUST for the Creditor" in the revision of The Corporation Law of 1934.
- (2) "TRUST for the Creditor" in comparison with Payment and Offer of Security.
- (3) Fundamental structures of "TRUST for the Creditor".

The purpose of "TRUST" is to pay the creditor. In this "TRUST for the Creditor", the settler is the corporation, the trustee is the trust company (in fact, trust banking) and the beneficiary is the creditor. "TRUST for the Creditor" has rarely been used practically, but I'm convinced that "TRUST for the Creditor" is very useful for both the corporation and the creditor.

It's unsuitable that Trust Business Law §4 (it provides for the limitation of the property that the trust company can undertake) extends to "TRUST for the Creditor". By revising §4, the trust company may be able to offer the trust function more widely.